IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	Case No. 23-10497 (CTG)
	(Jointly Administered)
Debtors.	**Re: Docket No. __**

INTERIM ORDER (I) AUTHORIZING THE PAYMENT OF CERTAIN PREPETITION TAXES AND FEES AND (II) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an interim order (this "Interim Order"): (a) authorizing the payment of certain prepetition taxes and fees; and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

[2] Capitalized terms used but not defined herein have the meanings given to such terms in the Motion.

Court having reviewed the Motion and having heard any statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.

2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2023, at __:__ _.m. (prevailing Eastern Time). Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2023, and shall be served on: (a) the Debtors, 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5, Attn: Matthew Karmel (mkarmel@structurlam.com); (b) proposed conflicts counsel to the Debtors, Chipman Brown Cicero & Cole, LLP, 1313 North Market Street, Suite 5400, Wilmington, Delaware 19801, Attn: William E. Chipman, Jr., Robert A Weber, Mark L. Desgrosseilliers and Mark D. Olivere (chipman@chipmanbrown.com; weber@chipmanbrown.com; desgross@chipmanbrown.com and olivere@chipmanbrown.com) (c) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Benjamin A. Hackman (Benjamin.A.Hackman@usdoj.gov); (d) counsel to the Prepetition Lender and DIP Lender, (i) Blake, Cassels & Graydon LLP, 855 - 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8, Attn: Kelly Bourassa (kelly.bourassa@blakes.com), Christopher Keliher (christopher.keliher@blakes.com), Erik Fleming (erik.fleming@blakes.com), and Austin Beck (Austin.Beck@blakes.com) (ii) Chapman and Cutler LLP, 320 South Canal Street, Chicago, Illinois 60606 (Attn: Stephen R. Tetro II and James P. Sullivan), email: stetro@chapman.com and jsulliva@chapman.com, and (iii) Womble

Bond Dickinson (US) LLP, 1313 North Market Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Matthew P. Ward), email: matthew-ward@wbd-us.com; and (e) counsel to any statutory committee appointed in the Chapter 11 Cases.

3. The Debtors are authorized, but not directed, to: (a) negotiate, pay, and remit the obligations that arose or accrued in the ordinary course of business on account of the Taxes and Fees prior to the Petition Date and that will become due and owing prior to entry of the Final Order in an aggregate interim amount not to exceed $1,000 (USD) and (b) negotiate and pay Taxes and Fees that arise or accrue in the ordinary course of business on a postpetition basis.

4. Notwithstanding the relief granted in this Interim Order, any payment made by the Debtors pursuant to the authority granted herein shall be subject to and in compliance with any orders entered by the Court approving the Debtors' entry into any postpetition debtor in possession financing facility and any budget in connection therewith and/or authorizing the Debtors' use of cash collateral and any budget in connection therewith.

5. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied

pursuant to this Interim Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order without any duty of further inquiry.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted in this Interim Order.

8. The Debtors are not authorized to pay any amounts on account of past-due taxes.

9. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

10. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

13. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Exhibit B

Proposed Final Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	Case No. 23-10497 (CTG)
	(Jointly Administered)
Debtors.	**Re: Docket No. __**

FINAL ORDER (I) AUTHORIZING THE PAYMENT OF CERTAIN PREPETITION TAXES AND FEES AND (II) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of a final order (this "Final Order"): (a) authorizing the payment of certain prepetition taxes and fees; and (b) granting related relief; all as more fully set forth in the Motion and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a

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[2] Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Motion.

hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.

2. The Debtors are authorized, but not directed, to: (a) negotiate, pay, and remit the obligations that arose or accrued in the ordinary course of business on account of the Taxes and Fees prior to the Petition Date and that will become due and owing in the ordinary course of business during the pendency of these Chapter 11 Cases at such time when the Taxes and Fees are payable in an aggregate amount not to exceed $10,153 (CAD) and $145,000 (USD) absent further order of this Court; and (b) negotiate and pay Taxes and Fees that arise or accrue in the ordinary course of business on a postpetition basis.

3. The Debtors are authorized, but not directed, to (a) participate in any amnesty program or (b) otherwise settle tax disputes pursuant to Bankruptcy Rule 9019.

4. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the

Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim. The relief granted by this Final Order is not intended to and does not grant the Debtors any authority to use cash collateral of Bank of Montreal or to use proceeds of any postpetition financing provided by Bank of Montreal in any way inconsistent with the provisions of any interim or final order of this Court approving the Debtors' use of cash collateral or authorizing the Debtors to obtain debtor-in-possession financing (a "DIP Order"). For the avoidance of doubt, in case of a conflict between the provisions of this Final Order and a DIP Order, the provisions of such DIP Order shall control.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored

as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted in this Final Order.

7. The Debtors are not authorized to pay any amounts on account of past-due taxes.

8. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

10. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

This is Exhibit "YY" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Joint Administration Requested)
Debtors.	)	

DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF CRITICAL VENDORS, SHIPPERS, AND 503(B)(9) CLAIMANTS AND GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (collectively, the "Debtors") state as follows in support of this motion (this "Motion"):

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the "Interim Order" and "Final Order"), (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition amounts owing to Critical Vendors, Shippers, and 503(b)(9) Claimants (each as defined below) (collectively, the "Critical Vendor Claims") in an amount not to exceed $500,000 (CAD) pursuant to the Interim Order (the "Interim Order Cap"), and, in the aggregate, inclusive of amounts paid pursuant to the Interim Order, an amount not to exceed $750,000 (CAD) pursuant to the Final Order (the "Final Order Cap"); and (b) granting related relief. In addition, the Debtors request that the Court (as

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defined herein) schedule a final hearing within approximately 30 days of the commencement of these chapter 11 cases to consider approval of this motion on a final basis.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

3. The Debtors confirm their consent, pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are sections 105(a) and 363 of title 11 of the United States Code (the "Bankruptcy Code"), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure, and Local Rule 9013-1(m).

Background

6. The Debtors are a leading manufacturer of mass timber solutions and ground protection solutions used in construction and industrial markets, with U.S. facilities in Conway, Arkansas and Canadian facilities in Penticton, Okanagan Falls, and Oliver, British Columbia. The Debtors have completed or assisted in supplying mass timber for numerous projects throughout North America including, among others: the University of British Columbia Brock Commons in Vancouver, British Columbia in 2016 and 2017, at the time the tallest wood

structure building in the world; the Microsoft Silicon Valley Campus in Mountain View, California in 2019, at the time the largest mass timber structure built in the United States; and the Google Mountain View California campus in 2020.

7. On April 21, 2023 (the "Petition Date"), the Debtors commenced with the Court voluntary cases (the "Chapter 11 Cases") under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in the Chapter 11 Cases.

8. Contemporaneously with the filing of this Motion, the Debtors have filed with the Court a motion requesting joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

9. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the circumstances leading to the commencement of the Chapter 11 Cases, is set forth in greater detail in the *Declaration of Matthew Karmel, Interim Chief Executive Officer of the Debtors in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"),[2] filed contemporaneously herewith, and incorporated herein by reference.[3]

Preliminary Statement

10. The Debtors interact with numerous different vendors. A number of these vendors provide services to the Debtors, including certain transport and shipping services, that are essential

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[2] Capitalized terms used but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration.

[3] The First Day Declaration and other relevant case information are available on the following website maintained by the Debtors' proposed claims and noticing agent Kurtzman Carson Consultants LLC ("KCC"): https://www.kccllc.net/Structurlam.

to the Debtors' operations and cannot be replaced without significant lead time. Any disruption of these services could prevent the Debtors from timely delivering products that have been committed to customer projects. If the Debtors are not able to fulfill their contractual customer obligations, then, among other harms, the anticipated revenues that are essential for the funding of these Chapter 11 Cases may not be realized, which could irreparably harm the Debtors' restructuring prospects. In addition, certain vendors may claims that are entitled to priority under section 503(b)(9) of the Bankruptcy Code or may be entitled to possessory liens for a statutory trust or goods in transit to the Debtors. Furthermore, due to the nature of the Debtors' business which requires frequent deliveries and quick turnover of finished products, creditors affected by this Motion may likely fall into more than one of the foregoing categories.

11. As is commonplace throughout the mass timber manufacturing industry, the Debtors' business functions under a time-sensitive supply chain structure whereby the Debtors manufacture finished products that are in turn utilized and incorporated by customers into their jobsites and projects. The Debtors have limited storage capacity at their facilities. As a result, any delays in the delivery of the Debtors goods to customers could cause significant logistical difficulties and additional storage costs that would negatively impact the Debtors' estates. In addition, the Debtors operate in a highly-regulated business environment and are required to maintain their products at standards necessary to meet safety and other regulations. Accordingly, the Debtors' customers demand highly specific and customized products. The Debtors' extensive experience in the mass timber industry, combined with their vast array of equipment and production capabilities, allows them to respond to a such customer needs, but such responsiveness requires uninterrupted goods and services from their Critical Vendors (defined below).

12. The Debtors have and will continue to perform a stringent analysis with their advisors, to determine which vendors fall into these categories and the extent to which each vendor is critical to the ongoing operations of the Debtors' businesses. The Debtors propose to undertake a reconciliation of such claims, and in their discretion and in accordance with their business judgement, determine which of these claims, if any, should be currently satisfied and whether or not the payment of such claims should be contingent on the extension of favorable business terms.

I. Critical Vendors.

13. In narrowing the Debtors' list of vendors to only those that are critical, the Debtors and their advisors have engaged in a comprehensive process of reviewing and analyzing the Debtors' books and records, consulting with the Debtors' management and personnel responsible for operations, reviewing contracts and supply agreements, and analyzing applicable laws, regulations, and past practices to (a) identify those vendors, suppliers, and service providers that may be "critical" to the Debtors' operations (which, if lost, would materially impair the going-concern viability of the Debtors' operations) and (b) quantify the relief necessary to avoid immediate and irreparable harm to the Debtors at the outset of these Chapter 11 Cases. The Debtors and their advisors assessed a variety of factors, including:

a. the goods or services provided by a vendor or supplier;

b. whether goods or services are provided pursuant to a contract or on a purchase order basis;

c. whether failure to pay all or part of a particular vendor's claim could cause the vendor to refuse to ship inventory or provide services on a postpetition basis;

d. whether the vendor is bound by an agreement pursuant to which the Debtors could compel such vendor to continue performing on prepetition terms;

e. whether the failure to pay a particular vendor could result in the negotiated trade terms being altered as a matter of applicable non-bankruptcy commercial law or regulations;

f. whether the vendor is a sole- or limited-source or high-volume supplier for goods and services;

g. whether alternative vendors are available that could provide the requisite volume of similar goods or services on equal or better terms, and, if so, whether the Debtors would be able to continue operating without significant disruption to their postpetition operations while transitioning business thereto;

h. whether certain specifications or contract requirements and conditions prevent, directly or indirectly, the Debtors from obtaining the goods and services from alternative sources; and

i. whether the failure to pay a particular vendor could jeopardize the Debtors' valuable interest in goods or materials.

14. As a result of this analysis, the Debtors identified certain limited providers for critical services, inventories, and other materials and supplies the Debtors depend upon to fulfill their customers' needs whose support remains essential to the Debtors' own ability to preserve and enhance their value as they proceed with a seamless transition into chapter 11 (collectively, and together with the Shippers, the "Critical Vendors").

15. Some of the Debtors' suppliers are sole source suppliers of certain goods and services where the cost of replacing a supplier would likely outweigh the payments required to such supplier. Others may not be sole source suppliers, but due to inventory shortages in the supply chain may be de facto sole source suppliers by nature of their having access to inventory when other suppliers do not. Similarly, though there may be alternative suppliers in some cases, it is unlikely that any of the alternative suppliers would be able to meet the technical or operational requirements or the tight schedules which certain of the Debtors' customer contracts require or have the specialized equipment required for delivery of customer orders. Additionally, some of the Debtors' suppliers may be experiencing financial hardship themselves and may not be able to acquire goods to ship to the Debtors or offer their continued services to the Debtors without satisfaction of certain of the outstanding claims.

16. As of the Petition Date, the Debtors also have collected funds from their customers to pay for the delivery of goods which have not yet been remitted to the third-party delivery services. The Debtors require this network of delivery services to ensure that their customers' orders are fulfilled. These service providers are essential to the continuation of the Debtors' business as alternative delivery methods for the last mile to the customer are very limited due to the size and nature of the Debtors' products and finding another provider within the short timeframes required under the Debtors' customer contracts would be nearly impossible.

17. Despite the Debtors communications regarding their financial situation and attempts to negotiate with their goods and service providers, certain vendors have refused to provide on-going goods and service, including orders already scheduled and paid for by customers prior to the Petition Date, if outstanding amounts are not paid. If these Critical Vendors do not continue to provide on-going as-scheduled service it could jeopardize a number of the Debtors' existing customer deliveries. As discussed above, any delay in the shipment or delivery of the Debtors' products to customers could bring the Debtors' operations to a halt. While it is difficult to estimate the total amount due and owing under outstanding customer orders that are not scheduled to be delivered or provided until after the Petition Date, the Debtors submit that the total amount to be paid in connection therewith, if the relief requested herein is granted, is *de minimis* compared to the importance and necessity of fulfilling the underlying customer contracts on schedule.

18. Therefore, the potential harm would likely far outweigh the cost of payment of certain of the prepetition claims held by certain Critical Vendors and accrued in the ordinary course of business. Furthermore, such payment is anticipated to provide the Debtors with continued access to those Critical Vendors for continued use on existing and future projects, the value of

which is significantly more valuable to the Debtors' estates than the cost of such payments. Accordingly, paying certain limited prepetition claims of Critical Vendors on the terms discussed herein will allow the Debtors to maximize stakeholder value.

II. Shippers

19. The Debtors conduct their business through a complex logistical network. The Debtors typically obtain their materials from domestic and international sources. The raw material inputs are delivered to the Debtors' manufacturing operation in their facilities. Furthermore, the Debtors rely on certain logistics entities to move their products (collectively, the "Shippers"), either domestically from the Facilities to customers or jobsites, or in certain instances from vendors, via ocean freight and through customs.

20. Many of the parties along the logistics chain may have incidental possessory liens on the Debtors' products. Under the laws of most states and various foreign laws and regulations, carriers and warehousemen will, in certain circumstances, have a lien on the goods in their possession that secures the charges or expenses incurred in connection with the transportation or storage of goods. If these liens are not satisfied, these parties may refuse to release the Debtors' property, thereby preventing the Debtors from being able to deliver products to their customers. Furthermore, in certain circumstances, these parties may be entitled to sell the Debtors' goods to third parties in order to satisfy the possessory liens.

21. If the Debtors are unable to timely pay third-party shipping and storage charges (collectively, the "Shipper Charges") outstanding as of the Petition Date, the Debtors risk being unable to fully operate their business, which would prevent them from maximizing recoveries for all stakeholders in these Chapter 11 Cases.

22. Accordingly, the Debtors seek authority to pay and discharge, on a case-by-case basis, the Shipper Charges. For the avoidance of doubt, the Debtors seek authority to pay only

those amounts that they determine are necessary or appropriate to (a) induce the Shippers to continue to carry goods and make timely, critical delivery, (b) obtain release of critical or valuable goods being held by the Shippers, and (c) maintain a reliable, efficient, and smooth distribution system. The Debtors intend to pay prepetition Shipper Charges only where they believe, in their business judgment, that the benefits to their estates from making such payments will exceed the costs that their estates would incur as a result of delaying shipments in order to obtain replacement transportation services (if such a replacement is even available) or by bringing an action to compel the turnover of such goods and the delay associated with such actions.

III. The 503(b)(9) Claims.

23. In addition, the Debtors may have received certain goods or materials from various vendors within the 20 days before the Petition Date (the "503(b)(9) Claimants"). Under section 503(b)(9) of the Bankruptcy Code, the value of such goods or materials would be accorded administrative priority (the "503(b)(9) Claims"). Accordingly, the Debtors seek authority, but not the direction, to pay and discharge, on a case-by-case basis, the 503(b)(9) Claims.

24. As noted above, it is likely that creditors that fall into one of the above categories may fall into other categories in this Motion. This will allow the Debtors to eliminate unnecessary determinations as to classification if a creditor arguably fails into more than one category. Accordingly, the Debtors seek the authority to pay up to $750,000 (CAD) in Critical Vendor Claims on a final basis, and $500,000 (CAD) of such amount on an interim basis.

Basis for Relief

I. The Court Should Grant the Relief Requested in This Motion Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code.

25. Courts have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate. *See, e.g., In re Just for Feet,*

Inc., 242 B.R. 821, 826 (D. Del. 1999) (finding that payment of prepetition claims to certain trade vendors was "essential to the survival of the debtor during the chapter 11 reorganization"); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a bankruptcy court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."); *Armstrong World Indus., Inc. v. James A. Phillips, Inc., (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983). In so doing, these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims as provided herein.

26. Pursuant to section 363(b) of the Bankruptcy Code, payment of prepetition obligations may be authorized where a sound business purpose exists for doing so. *See Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). Indeed, courts have recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the preplan satisfaction of a prepetition claim." *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

27. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Under section 105(a), courts may authorize payments of prepetition obligations when essential to the continued operation of a debtor's businesses. *See Just for Feet*, 242 B.R. at 825. Specifically, the Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity"). *Ionosphere Clubs*, 98 B.R. at 176.

28. Indeed, the United States Court of Appeals for the Third Circuit recognized the "necessity of payment" doctrine in *In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating courts may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment"); *See also In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that the necessity of payment doctrine permits "immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims have been paid"); *Just for Feet*, 242 B.R. at 824–25 (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to continued operation of business); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (same).

29. Allowing the Debtors to pay Critical Vendor Claims pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, is especially appropriate where, as here, doing so is consistent with the "two recognized policies" of chapter 11 of the Bankruptcy Code: preserving going-concern value and maximizing the value of property available to satisfy creditors. *See Bank of Am. Nat'l Trust & Savs. Ass'n v. 203 N. LaSalle St. P'Ship*, 526 U.S. 434, 453 (1999).

II. Failure to Make Timely Payment of Critical Vendor Claims Would Threaten the Debtors' Ability to Operate.

30. Paying the Critical Vendor Claims is unlikely to impair unsecured creditor recoveries in these Chapter 11 Cases. In some instances—for example, if a Shipper is permitted a lien—where the amounts owed to Shippers are less than the value of the goods that could be held as collateral to secure a Shipper Charge, such parties may be fully secured creditors of the Debtors' estates. In such instances, payment now only provides such parties with what they might be

entitled to receive, only without any interest costs that might otherwise accrue during these Chapter 11 Cases. Conversely, all creditors will benefit from the seamless transition of the Debtors' operations into bankruptcy and the continued production and delivery of the Debtors' products.

31. Where debtors have shown that the payment of prepetition claims is critical to maximize the value of their estates, courts in this district have routinely authorized payments to shippers under similar circumstances. *See, e.g.*, *In re Avadim Health, Inc.*, No. 21-10883 (CTG) (Bankr. D. Del. June 2, 2021) (authorizing payment of critical vendor claims); *In re Knotel, Inc.*, No. 21-10146 (MFW) (Bankr. D. Del. Feb. 25, 2021) (same); *In re BL Restaurants Holding, LLC*, No. 20-10156 (Bankr. D. Del. Feb. 26, 2020) (MFW) (same); *In re ATD Corp.*, No. 18-12221 (KJC) (Bankr. D. Del. Oct. 24, 2018) (same); *In re GST AutoLeather, Inc.*, No. 17-12100 (LSS) (Bankr. D. Del. Nov. 13, 2017) (same); *In re TK Holdings Inc.*, No. 17-11375 (BLS) (Bankr. D. Del. Aug. 9, 2017) (same).

III. Ample Authority Exists to Support the Payment of Critical Vendor Claims.

32. The Debtors depend on the supply of goods and the provision of services by the Critical Vendors to sustain their operations. Ensuring these Critical Vendors continue to supply and serve is therefore vital to the success of these Chapter 11 Cases and the ability of the Debtors to remain a going-concern.

33. The relief requested herein is well within the range of customary relief approved in this district. Courts routinely authorize payment of prepetition claims for critical vendors in similar or greater amounts to those requested here. *See, e.g.*, *In re ATD Corp.*, No. 18-12221 (KJC) (Bankr. D. Del. Oct. 24, 2018) (authorizing payment of critical vendor claims); *In re GST AutoLeather, Inc.*, No. 17-12100 (LSS) (Bankr. D. Del. Nov. 13, 2017) (authorizing payment of $6.0 million in

critical vendor claims); *In re TK Holdings Inc.*, No. 17-11375 (BLS) (Bankr. D. Del. Aug. 9, 2017) (authorizing payment critical of vendors).

IV. The Court Should Authorize the Payment of Claims Entitled to Priority Pursuant to Section 503(b)(9) of the Bankruptcy Code.

34. Section 503(b)(9) of the Bankruptcy Code provides administrative priority for the "value of any goods received by the debtor within 20 days before the date of commencement of a case under this title in which goods have been sold to the debtor in the ordinary course of such debtor's business." Consequently, payment of such claims now only provides such parties with what they will be entitled to ultimately receive in these cases. The timing of such payments lies squarely within the Court's discretion. *See In re Glob. Home Prods., LLC*, No. 06-10340 (KG), 2006 WL 3791955, at *3 (Bankr. D. Del. Dec. 21, 2006) ("The timing of the payment of that administrative expense claim is left to the discretion of the Court."). The payment of certain 503(b)(9) Claims, in the Debtors' discretion, may allow the Debtors to maximize the value of the estates by allowing the Debtors to satisfy such claims where doing so would have a net benefit to the estate in terms of increased inventory, favorable credit terms, or other benefits to the estates.

35. Moreover, the Bankruptcy Code does not prohibit a debtor from paying such claims sooner rather than later in Chapter 11 Cases. The Debtors believe they may pay such 503(b)(9) Claims as administrative claims incurred in the ordinary course of business in accordance with their business judgment pursuant to section 363(c)(1) of the Bankruptcy Code. *See, e.g., In re Dura Auto. Sys. Inc.*, No. 06-11202 (KJC) (Bankr. D. Del. Oct. 31, 2006) Hr'g Tr. 49:21–23 ("I think arguably the debtor could pay its 503(b)(9) claimants without court approval."). Again, the timing of such payments lies squarely within the Court's discretion. *See Glob. Home*, 2006 WL 3791955, at *3.

36. For these reasons, courts in this district have regularly authorized the payment of claims arising under section 503(b)(9) of the Bankruptcy Code in the ordinary course of business. *See, e.g.*, *In re Alamo Drafthouse Cinemas Holdings, LLC*, No. 21-10474 (MFW) (Bankr. D. Del. Mar. 29, 2021) (authorizing debtors to pay claims arising under section 503(b)(9) of the Bankruptcy Code); *RTI Holding Company, LLC*, No. 20-12456 (JTD) (Bankr. D. Del. Nov. 18, 2020) (same); *In re BL Restaurants Holding, LLC*, No. 20-10156 (Bankr. D. Del. Feb. 26, 2020) (MFW) (same); *In re Z Gallerie, LLC*, Case No. 19-10488 (LSS) (Bankr. D. Del. Apr. 9, 2019) (same); *In re GST AutoLeather, Inc.*, No. 17-12100 (LSS) (Bankr. D. Del. Nov. 13, 2017) (same); *In re Emerald Oil, Inc.*, No. 16-10704 (KG) (Bankr. D. Del. Apr. 19, 2016) (same); *In re Horsehead Holding Corp.*, No. 16-10287 (CSS) (Bankr. D. Del. Feb. 3, 2016) (same); *In re Magnum Hunter Res. Corp.*, No. 15-12533 (KG) (Bankr. D. Del. Jan. 11, 2016) (same).

Processing of Checks and Electronic Fund Transfers Should Be Authorized

37. The Debtors have sufficient funds to pay the amounts described in this motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations, the proposed debtor-in-possession financing, and anticipated access to cash collateral. Under the Debtors' existing cash management system, the Debtors have made arrangements to readily identify checks or wire transfer requests relating to the relief requested in this Motion. Accordingly, the Debtors believe that checks or wire transfer requests that are not related to authorized payments will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

38. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, the relief requested in this Motion is integral to the Debtors' ability to transition their operations into these Chapter 11 Cases smoothly. Failure to receive such authorization and other relief during the first 21 days of these Chapter 11 Cases would severely disrupt the Debtors' operations at this critical juncture. For the reasons discussed herein, the relief requested is necessary for the Debtors to maintain the going-concern value of their business for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Reservation of Rights

39. Nothing contained in this motion or any actions taken by the Debtors pursuant to relief granted in the Interim Order and Final Order is intended or should be construed as: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this motion are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. If

the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

40. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Notice

41. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the United States Attorney's Office for the District of Delaware; (c) the state attorneys general for all states in which the Debtors conduct business; (d) the Internal Revenue Service; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) counsel to the Prepetition Lender and the DIP Lender; (g) the Debtors' Banks; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. Additionally, notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[*Remainder of Page Intentionally Left Blank*]

WHEREFORE, the Debtors respectfully request entry of the Interim and Final Orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, (a) granting the relief requested herein, and (b) granting such other relief as is just and proper.

Dated: April 24, 2023
Wilmington, Delaware

CHIPMAN BROWN CICERO & COLE, LLP

/s/ Mark D. Olivere
William E. Chipman, Jr. (No. 3818)
Robert A. Weber (No. 4013)
Mark L. Desgrosseilliers (No. 4083)
Mark D. Olivere (No. 4291)
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1313 North Market Street, Suite 5400
Wilmington, Delaware 19801
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olivere@chipmanbrown.com

Proposed Conflicts Counsel to Debtors and Debtors in Possession

Exhibit A

Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	Case No. 23-10497 (CTG)
	(Jointly Administered)
Debtors.	**Re: Docket No. __**

INTERIM ORDER AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF CRITICAL VENDORS, SHIPPERS, AND 503(B)(9) CLAIMANTS AND GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an interim order (this "Interim Order"): (a) authorizing, but not directing, the Debtors to pay certain prepetition amounts owing to Critical Vendors, Shippers, and 503(b)(9) Claimants (collectively, the "Critical Vendor Claims") in an amount not to exceed the Interim Order Cap absent further order of the Court; (b) scheduling a final hearing to consider approval of the Motion on a final basis, and (c) granting related relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

[2] Capitalized terms used but not defined herein have the meanings given to such terms in the Motion.

to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard any statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.

2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2023, at __:__ _.m. (prevailing Eastern Time). Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2023, and shall be served on: (a) the Debtors, 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5, Attn: Matthew Karmel (mkarmel@structurlam.com); (b) British Columbia, Canada V2A 8B5, Attn: Matthew Karmel (mkarmel@structurlam.com); (b proposed counsel to the Debtors, Chipman Brown Cicero & Cole, LLP, Hercules Plaza, 1313 North Market Street, Suite 5400, Wilmington, Delaware 19801, Attn: William E. Chipman, Jr. (chipman@chipmanbrown.com); Robert A. Weber (weber@chipmanbrown.com); Mark L. Desgrosseilliers (desgross@chipmanbrown.com); and Mark Olivere (olivere@chipmanbrown.com); (c) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Benjamin A. Hackman (bejamin.a.hackman@usdoj.gov); (d) counsel to the Prepetition Lender and DIP Lender, (i) Blake,

Cassels & Graydon LLP, 855 - 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8, Attn: Kelly Bourassa (kelly.bourassa@blakes.com), Christopher Keliher (christopher.keliher@blakes.com), Erik Fleming (erik.fleming@blakes.com), and Austin Beck (Austin.Beck@blakes.com) (ii) Chapman and Cutler LLP, 320 South Canal Street, Chicago, Illinois 60606 (Attn: Stephen R. Tetro II and James P. Sullivan), email: stetro@chapman.com and jsulliva@chapman.com, and (iii) Womble Bond Dickinson (US) LLP, 1313 North Market Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Matthew P. Ward), email: matthew-ward@wbd-us.com; and (e) counsel to any statutory committee appointed in the Chapter 11 Cases.

3. The Debtors are authorized, but not directed, in their sole discretion, to pay all or part of, and discharge, on a case-by-case basis, Critical Vendor Claims in an aggregate amount not to exceed $500,000 (CAD) on an interim basis, absent further order of the Court.

4. Nothing herein shall impair or prejudice the Debtors' ability to contest, in their sole discretion, the extent, perfection, priority, validity, or amounts of any claims held by any Shipper, Critical Vendor, or 503(b)(9) Claimant. The Debtors do not concede that any claims satisfied pursuant to this Interim Order are valid, and the Debtors expressly reserve all rights to contest the extent, validity, or perfection or to seek the avoidance of all such liens or the priority of such claims.

5. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request

or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim. The relief granted by this Interim Order is not intended to and does not grant the Debtors any authority to use cash collateral of Bank of Montreal or to use proceeds of any postpetition financing provided by Bank of Montreal in any way inconsistent with the provisions of any interim or final order of this Court approving Court approving the Debtors' use of cash collateral or authorizing the Debtors to obtain debtor-in-possession financing (a "DIP Order"). For the avoidance of doubt, in case of a conflict between the provisions of this Interim Order and a DIP Order, the provisions of such DIP Order shall control.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order without any duty of further inquiry.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any Critical Vendor Claim or 503(b)(9) Claim.

8. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

9. Notice of the Motion was provided in accordance with Local Rule 9013-1(m)(iii) and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

12. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Exhibit B

Final Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Jointly Administered)
Debtors.	)	**Re: Docket No. __**

FINAL ORDER AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF CRITICAL VENDORS, SHIPPERS, AND 503(B)(9) CLAIMANTS AND GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of a final order (this "Final Order"): (a) authorizing, but not directing, the Debtors to pay certain prepetition amounts owing to Critical Vendors, Shippers, and 503(b)(9) Claimants (collectively, the "Critical Vendor Claims") in an amount not to exceed the Final Order Cap, absent further order of the Court; and (b) granting related relief; all as more fully set forth in the Motion and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

[2] Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Motion.

pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.

2. The Debtors are authorized, but not directed, in their sole discretion, to pay all or part of, and discharge, on a case-by-case basis, the Critical Vendor Claims in an aggregate amount not to exceed $750,000 (CAD) on a final basis, absent further order of the Court.

3. Nothing herein shall impair or prejudice the Debtors' ability to contest, in their sole discretion, the extent, perfection, priority, validity, or amounts of any claims held by any Shipper, Critical Vendor, or 503(b)(9) Claimant. The Debtors do not concede that any claims satisfied pursuant to this Final Order are valid, and the Debtors expressly reserve all rights to contest the extent, validity, or perfection or to seek the avoidance of all such liens or the priority of such claims.

4. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a

promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim. The relief granted by this Final Order is not intended to and does not grant the Debtors any authority to use cash collateral of Bank of Montreal or to use proceeds of any postpetition financing provided by Bank of Montreal in any way inconsistent with the provisions of any interim or final order of this Court approving the Debtors' use of cash collateral or authorizing the Debtors to obtain debtor-in-possession financing (a "DIP Order"). For the avoidance of doubt, in case of a conflict between the provisions of this Final Order and a DIP Order, the provisions of such DIP Order shall control.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any Shipper Charge, Critical Vendor Claim, or 503(b)(9) Claim.

7. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

9. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

This is Exhibit "ZZ" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Joint Administration Requested)
Debtors.	)	

DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE CERTAIN EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (collectively, the "Debtors") state as follows in support of this motion (this "Motion"):

Relief Requested

1. The Debtors seek entry of an interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the "Interim Order" and "Final Order"), (a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, commissions, other compensation, and reimbursable employee expenses and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto, in an aggregate amount not to exceed $863,706 (CAD) and $207,306 (USD) pursuant to the Interim Order and $863,706 (CAD) and $207,306 (USD) pursuant to the Final Order; and (b) granting related relief. In addition, the Debtors request that the United States Bankruptcy Court

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.



for the District of Delaware (the "Court") schedule a final hearing within approximately 30 days of the commencement of these chapter 11 cases to consider entry of the Final Order.

Jurisdiction and Venue

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

3. The Debtors confirm their consent, pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of title 11 of the United States Code (the "Bankruptcy Code"), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rule 9013-1(m).

Background

6. The Debtors are a leading manufacturer of mass timber and ground protection solutions used in construction and industrial markets with U.S. facilities in Conway, Arkansas and Canadian facilities in Penticton, Okanagan Falls, and Oliver, British Columbia. The Company has completed or assisted in supplying mass timber for numerous projects throughout North America including, among others: the University of British Columbia Brock Commons in Vancouver, British Columbia in 2016 and 2017, at the time the tallest wood structure building in the world;

the Microsoft Silicon Valley Campus in Mountain View, California in 2019, at the time the largest mass timber structure built in the United States; and the Google Mountain View California campus in 2020.

7. On April 21, 2023 (the "Petition Date"), the Debtors commenced with the Court voluntary cases (the "Chapter 11 Cases") under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in the Chapter 11 Cases.

8. Contemporaneously with the filing of this Motion, the Debtors have filed with the Court a motion requesting joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

9. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the circumstances leading to the commencement of the Chapter 11 Cases, is set forth in greater detail in the *Declaration of Matthew Karmel, Interim Chief Executive Officer of the Debtors in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"),[2] filed contemporaneously herewith, and are incorporated herein by reference.[3]

The Debtors' Workforce

10. The Debtors employ approximately 210 employees in United States and Canada (collectively, the "Employees"), consisting of approximately 209 full-time Employees

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[2] Capitalized terms used but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration.

[3] The First Day Declaration and other relevant case information are available on the following website maintained by the Debtors' proposed claims and noticing agent Kurtzman Carson Consultants LLC ("KCC"): https://www.kccllc.net/Sructurlam.

and 1 part-time Employee. The Employees perform a wide variety of functions critical to the administration of these Chapter 11 Cases and the Debtors' restructuring. Their skills, knowledge, and understanding of the Debtors' operations and infrastructure are essential to preserving operational stability and efficiency. In many instances, the Employees include highly trained personnel who are not easily replaced. Without the continued, uninterrupted services of their Employees, the Debtors' business operations could be halted. The Employees work out of the main corporate headquarters in Penticton, British Columbia, or out of the Debtors' manufacturing facilities with locations in Conway, Arkansas and Oliver, Okanagan Falls, and Penticton, British Columbia (collectively, the "Facilities"). Structurlam Mass Timber Corporation ("SMTC"), based in Canada, employs approximately 178 Employees (the "Canadian Employees"), while Structurlam Mass Timber U.S., Inc. ("SMTU"), based in the United States, employs approximately 32 Employees (the "US Employees"). The Employees who work out of the Facilities serve in predominantly operational roles such as overseeing equipment installation and maintenance, and production of the Debtors' mass timber products while the Employees who work out of the corporate headquarters serve in predominantly sales, technical services, support services, and management roles.

11. All 116 hourly Canadian Employees are subject to a collective bargaining agreement, (the "Unionized Employees") managed by the United Steelworkers union (the "USW Union"). SMTC contributes amounts per the collective bargaining agreement and remits such amounts to the USW Union each pay period. No US Employees are subject to a collective bargaining agreement.

12. The Debtors also supplement their workforce from time to time by relying on approximately five contractors, three in Canada and two in the United States[4] (collectively, the "Contractor Employees"). The Contractor Employees are a critical supplement to the Debtors' labor force and fulfill managerial and operational requirements. Generally, the Contractor Employees are paid directly by the Debtors (collectively, the "Contractor Fees").[5] The Debtors believe the authority to continue paying the Contractor Fees is critical to the Debtors' business operations. As of the Petition Date, the Debtors do not believe there are any accrued but unpaid Contractor Fees. However, out of an abundance of caution, the Debtors seek the authority to pay any prepetition amounts relating to the Contractor Fees and to continue paying any further Contractor Fees in the ordinary course of business.

13. The vast majority of Employees rely exclusively on their compensation and benefits to pay their daily living expenses and to support their families. Employees will be exposed to significant financial hardships if the Debtors are not permitted to continue paying wages, salaries, and other compensation, provide employee benefits, and maintain certain programs benefiting Employees in the ordinary course of business. Consequently, the Debtors respectfully submit that the relief requested herein is necessary and appropriate under the facts and circumstances of these Chapter 11 Cases.

Employee Compensation and Benefits

14. To minimize the personal hardship the Employees would suffer (if prepetition Employee-related obligations are not paid when due or as expected) and to maintain stability in

[4] The two Contractor Employees employed by SMTU serve as the Interim CEO and vice president of human resources.

[5] For avoidance of doubt, the term Employees includes Unionized Employees (defined below), except where specified throughout this motion.

the Debtors' workforce during the administration of the Debtors' Chapter 11 Cases, the Debtors, by this Motion, seek authority to pay and honor certain prepetition claims and continue to honor obligations on a postpetition basis, as applicable, relating to, among other things, wages, salaries, contractor fees, withholding taxes and other amounts withheld (including garnishments, Employees' share of insurance premiums, taxes, 401(k) contributions, RRSP Plan (defined below) contributions, and other retirement savings contributions), payroll processing, reimbursable expenses, board fees, union dues, certain incentive and recognition programs, health insurance benefits, health savings accounts, life and AD&D insurance, short- and long-term disability benefits, the workers' compensation program, retirement savings plans, time-off benefits (including, among others, vacation time, flex days, and holidays), severance benefits, COBRA benefits, and other benefits the Debtors historically have provided to Employees (collectively, the "Employee Compensation and Benefits"); and pay all costs, fees, and expenses incident to the Employee Compensation and Benefits, including amounts owed to third-party administrators (collectively, the "Employee Obligations"), collectively in an aggregate amount not to exceed $863,706 (CAD) and $207,306 (USD) pursuant to the Interim Order and $863,706 (CAD) and $207,306 (USD) pursuant to the Final Order.

15. Subject to approval from the Court, the Debtors intend to continue their applicable prepetition Employee Compensation and Benefits in the ordinary course. Out of an abundance of caution, the Debtors further request authority to modify, change, and discontinue any of their Employee Compensation and Benefits and to implement new programs, policies, and benefits in the ordinary course during these Chapter 11 Cases without the need for further Court approval, subject to the Bankruptcy Code and any other provisions of applicable law.

16. To enable the Debtors to carry out the relief requested, the Debtors request that the Court (a) authorize all applicable bank, financial institutions, and any third-party administrators to receive, process, honor, and pay all checks presented for payment and all electronic fund transfer requests made by the Debtors related to the Employee Obligations, whether such checks were presented or electronic fund transfer requests were submitted before or after the date hereof and (b) modify the automatic stay to the extent necessary to permit the relief requested in this Motion with respect to the Debtors' workers' compensation program.

I. Employee Compensation and Withholding Obligations.

A. Compensation Obligations.

17. In the ordinary course, the Debtors incur obligations to the Employees on account of wages, salaries, and other compensation, including overtime and sales commissions and other incentive compensation (collectively, the "Employee Compensation"). The Debtors' hourly Employees are paid every two weeks, or twenty-six pay periods in a calendar year and the Debtors' salaried Employees are paid twice a month, or twenty-four pay periods in a calendar year. For hourly Employees, the payroll period covers earnings for the two week period ending on the Friday prior to the payment (*i.e.*, payments distributed on Friday, March 31, 2023 were on account of wages earned in the two week period ended Friday, March 24, 2023). The Debtors do pay overtime for hours worked in excess of forty per week as well as shift premiums for non-exempt hourly Employees. The Canadian Employees are paid in Canadian dollars and the US Employees are paid in U.S. Dollars.

18. The Debtors estimate that the amount of accrued, but unpaid Employee Compensation obligations, excluding prepetition amounts related to Withholding Obligations, Time-Off Benefits, and Severance Programs (each defined herein), as of the Petition Date, (the "Unpaid Compensation") is approximately $190,000 (CAD) and $40,000 (USD), of which all

will become due and owing within the first 21 days of these Chapter 11 Cases. In addition to Employee Compensation that has accrued in the ordinary course since the last payroll date, Employee Compensation also may be due and owing as of the Petition Date because of, among other things, (a) potential discrepancies between the amounts paid and the amounts that Employees believe should have been paid, which, upon resolution, may reveal that additional amounts are owed to such Employees, (b) the delay between the date when some payroll checks are issued and the date when such checks are presented to an Employee's bank for payment, and (c) unforeseen adjustments due to accounting time lags.

19. With respect to employee incentives, historically, certain of the Debtors' Employees have been compensated through a sales commission plan (the "Sales Commission Plan"). Approximately six current Employees and one former Employee participate or participated in the Sales Commission Plan. Compensation under the Sales Commission Plan generally accrues on a monthly basis.

20. As of the Petition Date, approximately one non-insider US Employee has accrued amounts in excess of the $15,150 priority wage cap imposed by section 507(a)(4) of the Bankruptcy Code on account of Unpaid Compensation, with approximately $20,072 (USD) accrued. This amount is primarily on account of unpaid commissions under the Sales Commission Plan.

21. Sales commissions can serve as significant portions of certain Employees' livelihood. Restricting the Debtors' ability to pay the owed commission above the $15,150 priority wage cap may subject the Debtors' Employees to significant financial hardships, which, in turn, will lower the Employees' morale and loyalty to the Debtors and could lead to a decrease in revenue that negatively impacts the Debtors' estates. Accordingly, by this motion, the Debtors

seek authority to pay their Employees any Unpaid Compensation in the ordinary course and consistent with past practices, including, subject to entry of the Final Order, the prepetition amount described above owing to one non-insider Employee under the Sales Commission Plan above the $15,150 priority wage cap.

22. Historically, the Debtors also employed an incentive bonus program, that operated exclusive of the Sales Commission Plan, relating to certain Employees' performances (the "Bonus Plan"). The Bonus Plan generally was paid on an annual basis, however, due to the Debtor's liquidity challenges, the Bonus Plan has not been paid since 2020 and, as such, the Debtors are not requesting authorization in this Motion to pay any amounts related to the Bonus Plan.

B. Withholding Obligations and Employer Payroll Taxes.

23. The Debtors are required by certain laws to withhold from the U.S. Employees' wage amounts related to federal, state, and local income taxes, Medicare taxes, Social Security, and state-issued employment insurance (collectively, the "U.S. Employee Payroll Taxes") for remittance to the appropriate federal, state, or local taxing authority. The Debtors also have similar obligations for Canadian Employees including statutory deductions such as for the Canada Pension Plan ("CPP"), employment insurance ("EI"), and income tax, among others (the "Canadian Employee Payroll Taxes," and together with the U.S. Employee Payroll Taxes, the "Employee Payroll Taxes").

24. The Debtors also routinely deduct certain amounts from Employees' wages, including, without limitation, (a) garnishments, child support and service charges, and other similar deductions, (b) other pre- and post-tax deductions payable pursuant to certain of the employee health and welfare benefits, including health insurance premiums and retirement savings contributions, and (c) other withholdings as may be required in the United States and Canada

(collectively, the "Deductions," and together with the Employee Payroll Taxes, the "Withholding Obligations").

25. In addition to the Withholding Obligations as described, the Debtors are required by applicable statutory authority to match from their own funds Social Security, Medicare taxes, and certain additional amounts for federal and state unemployment insurance and short-term disability insurance (the "U.S. Employer Payroll Taxes"). The Debtors also have similar obligations under the laws of Canada (the "Canadian Employer Payroll Taxes," and together with the U.S. Employer Payroll Taxes, the "Employer Payroll Taxes").

26. At any given time, the Debtors are holding a certain amount of accrued Withholding Obligations but not remitted to the appropriate third-party payees (the "Unpaid Withholding Obligations"). Furthermore, at any given time, the Debtors are in possession of a certain amount of accrued Employer Payroll Taxes but not remitted to the applicable third-party payees (the "Unpaid Employer Payroll Taxes," and together with the Unpaid Withholding Obligations, the "Unpaid Wage Related Obligations").

27. As of the Petition Date, the Debtors estimate that they have approximately $86,000 (CAD) and $20,000 (USD) of accrued but not remitted Unpaid Wage Related Obligations, all of which will come due and owing within the first 21 days of these Chapter 11 Cases.

28. The Debtors believe that, generally, Unpaid Wage Related Obligations are held in trust by the Debtors and are not property of their estates. As such, the Debtors do not believe they need authority to remit such payments to the appropriate third parties. However, out of an abundance of caution, the Debtors seek authority to remit the Unpaid Wage Related Obligations to the respective third-party payees and to continue to honor and process the Withholding

Obligations and Employer Payroll Taxes on a postpetition basis in the ordinary course of business and consistent with past practices.

C. Board and Management Fees.

29. In the ordinary course of business, the Debtors pay a quarterly fee of $7,500 (CAD) to six independent directors (the "Independent Directors") of the board of directors (the "Board") of the Debtors, which oversees all of the Debtors' operations (the "Board Fees"). In addition, the Debtors reimburse the members of the Board for reasonable and documented out-of-pocket expenses. Historically, the Debtors also paid a quarterly management fee (the "Management Fee"). As of the Petition Date, the Debtors believe there is $7,500 (CAD) owed on account of the Board Fees, however, the Debtors are not requesting authorization in this Motion to pay any amounts related to the Board Fees or Management Fee.

D. Union Dues.

30. In the ordinary course of business, the Debtors pay dues ("Union Dues") to the USW Union on account of the Unionized Employees. As of the Petition Date, the Debtors estimate that they have approximately $5,520 (CAD) of accrued but not remitted Union Dues, all of which will come due and owing within the first 21 days of these Chapter 11 Cases. Accordingly, the Debtors seek authority to pay prepetition amounts as they become due and to continue to pay Union Dues in the ordinary course of business and consistent with historical practices

E. Payroll Processing Fees.

31. The Debtors utilize Ultimate Kronos Group ("UKG") to provide the software and support for payroll processing, payroll tax calculations and filings, among other necessary payroll related calculations (the "Payroll Services"). Generally, UKG or the Debtors calculate the amounts owed for certain Withholding Obligations each applicable payroll period and the Debtors direct deposit Employee Compensation from the Debtors' general operating bank account or remit

Payroll Taxes and garnishments to the applicable taxing authorities and third-party payees. Each pay period, UKG and the Debtors calculate the Employee Compensation and distribute the Employee Compensation accordingly to each Employee.

32. On average, the Debtors pay in the aggregate approximately $13,000 (CAD) per month for the Payroll Services (the "Payroll Processing Fees"). As of the Petition Date, the Debtors estimate they owe approximately $13,000 (CAD) in the aggregate for Payroll Processing Fees, all of which will come due and owing within the first 21 days of these Chapter 11 Cases.

33. The Payroll Services provided by UKG and the Debtors are crucial to the smooth functioning of the Debtors' payroll system because they ensure that the company remains compliant with local market mandates, that Employees are paid on time and Withholding Obligations are determined appropriately, and amounts are remitted to taxing authorities and other third-party payees. As such, the Debtors seek authority, out of an abundance of caution, to pay any outstanding prepetition Payroll Processing Fees and continue to pay the Payroll Processing Fees on a postpetition basis in the ordinary course of business and consistent with past practices.

II. Employee Benefits and Entitlements.

A. Employee Health Benefits.

34. The Debtors offer certain health and welfare benefits to eligible Employees such as medical, dental, and vision care coverages and certain other welfare benefits, including, Health Insurance Benefits, Life, and AD&D Insurance Benefits and Incapacity Benefits (each as defined herein, and collectively, the "Employee Health Benefits"). The amount of the costs associated with the Employee Health Benefits Debtors varies depending on jurisdictional requirements and are funded either each payroll or monthly.

35. The Employees have the opportunity to participate in a variety of health benefit plans and related health savings programs, including the Medical Plan, the Dental Plan, COBRA,

and HSA for US Employees, the Comprehensive Plans for salaried Canadian Employees, and the WEC Plan for Unionized Employees (each as defined herein, and collectively, the "Health Insurance Benefits").

36. The Debtors offer US Employees traditional medical and prescription drug benefit programs in the United States issued by Arkansas BlueCross and BlueShield (the "Medical Plan"). The Medical Plan also provides former US Employees with certain health benefits following their departure from the Debtors per the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). In addition to the Medical Plan, the Debtors provide US Employees separate dental benefits (the "Dental Plan"), issued by Delta Dental. To help pay for the Health Insurance Benefits, certain US Employees, depending on jurisdictional requirements, can opt to make pre-tax contributions to their individual health savings account through payroll deductions to cover reimbursements under the program up to the maximum amount permitted by the Internal Revenue Service issued by Connect Your Care (the "HSA"). The US Employee Health Insurance Benefits are administered by Hub International Midwest Limited ("Hub") using a fee percentage structure of the monthly premiums of the benefits.

37. The Debtors offer salaried Canadian Employees one of three comprehensive plans, consisting of health insurance, prescription drug benefit program, dental benefits, vision benefits, long term disability, accidental death and dismemberment, and life insurance, among other benefits issued and administered by Equitable Life of Canada (the "Comprehensive Plans"). Similarly, Unionized Employees have a group benefits plan from W.E. Consulting which consists of a health insurance, a prescription drug benefit program, dental benefits, vision benefits, short term disability, accidental death and dismemberment, and life insurance, among other benefits issued

by Pacific Blue Cross and BC Life (the "WEC Plan"). The Debtors additionally pay an employer health tax at a rate of 1.95% of gross pay for Canadian Employees.

38. Along with the Heath Insurance Benefits, the Debtors provide certain ancillary benefits in the unfortunate event that the Employees become incapacitated and are unable to provide labor services to the Debtors. Specifically, the Debtors provide basic life insurance ("Basic Life Insurance") and accidental death and dismemberment insurance ("AD&D Insurance," and together with Basic Life Insurance, collectively, the "Life and AD&D Insurance") to all Employees and their eligible dependents pursuant to group policies issued by USAble Life, Equitable Life of Canada, and BC Life.[6] The Debtors also provide Employees with both short-term disability benefits (the "Short-Term Disability Benefits") and long-term disability benefits (the "Long-Term Disability Benefits," and together with the Short-Term Disability Benefits, collectively, the "Disability Benefits") pursuant to group policies issued by USAble Life, Equitable Life of Canada, and BC Life.[7] The US Employee Disability Benefits are administered by Hub using a fee percentage structure of the monthly premiums of the benefits. In addition to the Life and AD&D Insurance and Disability Benefits, the Debtors maintain workers' compensation policies in accordance with applicable requirements in the United States and Canada (collectively, "Workers' Compensation Programs"), provided and administered by WorksafeBC dues for which are paid at an assessed per hour rate and remitted quarterly for Canadian Employees and by CAC Specialty for US Employees, dues for which the Debtors pay monthly[8] and cover

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[6] The Canadian Employees and Unionized Employees are offered such policies under their respective Comprehensive Plans and WEC Plan.

[7] The Canadian Employees and Unionized Employees are offered such policies under their respective Comprehensive Plans and WEC Plan.

[8] The Debtors' are currently two payments behind on the CAC Specialty workers' compensation policy. This is due to the Debtors waiting on CAC Specialty to calculate and provide a revised insurance premium on the policy relating to the reduction of the Debtors US Employee workforce in January 2023, the conditions surrounding which are set forth in greater detail in the First Day Declaration. For the purpose of this Motion, the Debtors are

Arkansas, Texas, New York, and California. The Debtors incur costs associated with procuring and funding the administration of the Health Insurance Benefits, the Disability Benefits, and the Workers' Compensation Program (collectively, the "Incapacity Benefits").

39. The Debtors estimate that, as of the Petition Date, the aggregate amount of accrued, but unpaid prepetition Employee Health Benefits totals approximately $34,560 (CAD) and $56,190 (USD), all of which will become due and owing within the first 21 days of these Chapter 11 Cases. Accordingly, the Debtors seek authority to pay prepetition amounts as they become due and to continue the Employee Health Benefits in the ordinary course of business and consistent with historical practices.

B. Employee Retirement Plans.

40. The Debtors offer their US Employees the US Retirement Plans and Canadian Employees RRSP Plans (each defined below, and collectively the "Retirement Plans"). Specifically, the Debtors provide eligible US Employees the ability to participate in a 401(k) plan (the "401(k) Plan"). After deducting participating Employees' 401(k) Plan contributions from the Employees' Compensation, the Debtors hold such amounts in trust until they are forwarded to the 401(k) plan administrator. The Debtors also provide certain matching contribution programs for certain of the US Employees (the "401(k) Matching Contributions," and together with the 401(k) Plan, the "US Retirement Plans"). Under the 401(k) Matching Contribution scheme, the Debtors match a percentage of the participating Employees' contributions, up to two percent of their yearly base pay (the "401(k) Matching Contribution Plan").

using the prior insurance premium monthly amount of $28,095 (USD), though believe that the recalculated monthly amount owed would be lower.

41. Canadian statutes require the Debtors to fund a salaried Canadian Employee registered retirement savings plan issued and administered by Canada Life, while the Unionized Employees have a similarly defined contribution plan administered by CUMIS Group and issued by Co-Operators Life Insurance (together, the "RRSP Plans"). The Debtors match salaried Canadian Employee retirement contributions of up to two percent of base salary, with payroll deductions remitted each pay period from the Debtors' general operating account. For Unionized Employees, the Debtors contribute the amount specified in the collective agreement which is remitted to the respective RRSP Plan each pay period from the Debtors' general operating account.

42. As of the Petition Date, the Debtors estimate they hold approximately $4,757 (CAD) and $1,720 (USD) in trust on account of the prepetition defined contribution withholdings that have not been remitted to Retirement Plan administrators, all of which will become due and owing within the first 21 days of these Chapter 11 Cases.

43. Many Employees' retirement savings consist solely of their Retirement Plans and many Employees choose to participate in their particular plan based on the matching contributions. Thus, the Debtors believe that continuing the Retirement Plans is essential to maintaining Employee morale. Accordingly, the Debtors seek the authority to (a) pay any accrued but unpaid amounts owed on account of the Retirement Plans, and remit any unpaid prepetition defined contribution withholdings to the Retirement Plan administrators and (b) continue the Retirement Plans on a postpetition basis in the ordinary course of business and consistent with past practices.

C. Time-Off Benefits.

44. The Debtors offer several paid and unpaid time-off benefits for eligible Employees, including Paid Vacation, Holidays, Flex Days, Parental Leave, and Other Paid Leave (each as defined below, and collectively, the "Time-Off Benefits").

45. In the ordinary course of business, the Debtors provide Employees with vacation time ("Paid Vacation") as a paid Time-Off Benefit. Eligible Employees receive between ten to twenty working days of Paid Vacation per year depending on such Employee's seniority, role, and country of employment. Paid Vacation is accrued but cannot be used within the first 90 days of employment, unless otherwise approved. Based on company policy and jurisdictional requirements, Employees generally may carry over a certain portion of Paid Vacation accrued in a given calendar year into the following calendar years, with any additional unused Paid Vacation being forfeited. Subject to company policy, the Debtors historically have paid out any remaining Paid Vacation upon termination of employment.

46. In addition, the Debtors offer Employees ten to twelve fixed/floating paid holidays throughout the year (collectively, the "Holidays"). The number of Holidays provided to an Employee depends upon local custom in such Employee's country of employment. Generally, eligible Employees are not required to work on a designated Holiday but are paid at their regular base rate of pay.

47. The Debtors also provide five flex days ("Flex Days") which may be used for time off work for a variety of other personal reasons. Flex Days are accrued but cannot be used within the first 90 days of employment, unless otherwise approved. Based on company policy and jurisdictional requirements, Employees may not carry over Flex Days accrued in a given calendar year into the following calendar years. Subject to company policy, the Debtors historically have paid out any remaining Flex Days upon termination of employment.

48. The Debtors provide eligible Employees with varying amounts of parental leave following the birth or adoption of a child (the "Parental Leave") based upon the nation of

employment. US Employees are not provided paid Parental Leave, but are provided with up to twelve weeks of unpaid leave in accordance with the Family and Medical Leave Act.

49. The Debtors also provide eligible Employees who need extended time to attend to certain family or personal needs, such as bereavement, with up to five days of paid leave (the "Other Paid Leave"). In general, there is no entitlement to any additional unpaid leave.

50. The Debtors believe that the continuation of the Time-Off Benefits in accordance with prior practice is essential to maintaining Employee morale during these Chapter 11 Cases. The Debtors have accrued Time-Off Benefits valued at approximately $529,869 (CAD) and $89,396 (USD), all of which are expected to come due and owing within the first 21 days of these Chapter 11 Cases. Although the Debtors ask that Time-Off Benefits requests be submitted promptly and in advance, sometimes submission delays occur and unexpected personal issues may arise for Employees. Accordingly, Employees may submit Time-Off Benefits requests for prepetition Time-Off Benefits after the Petition Date.

51. Subject to the Court's approval of the requested relief, the Debtors intend to comply with their policies and applicable local, state, and federal law related to Time-Off Benefits. Accordingly, the Debtors seek authority, but not direction, to: (a) pay and otherwise honor the prepetition amounts on account of the Time-Off Benefits as they become due and (b) continue to pay and otherwise honor the Time-Off Benefits on a postpetition basis in the ordinary course of business and consistent with past practices. The Debtors will not pay prepetition obligations in excess of the section 507(a)(4) cap, including on account of Time-Off Benefits in excess of $15,150.00 in the aggregate, unless required by applicable local, state, or federal law.

III. Other Obligations.

A. Reimbursable Expenses.

52. The Debtors reimburse certain Employees for business expenses and other qualifying expenses incurred in carrying out their employment responsibilities, including, but not limited to, expenses for meals, hotels, flights, per diems, car rentals, small maintenance or production items, and other qualifying expenses (collectively, the "Reimbursable Expenses"). Due to the nature of the Debtors' business, certain Employees may travel between multiple sites within a specific geographic region. To facilitate, the payment of Reimbursable Expenses the Debtors employ the use of corporate credit cards for small expenses and travel which are paid off monthly[9] or the services Epicor Software Corporation's ERP System ("ERP") for other reimbursable expenses. Employees submit requests for reimbursement through a mobile application, and, if approved in accordance with internal policies and procedures by the appropriate manager, the Reimbursable Expenses are processed and paid within two weeks. Additionally, certain Reimbursable Expenses, such as vehicle allowances, are paid through payroll. On average, the Debtors pay approximately $6,500 (CAD) and $2,000 (USD) per week in Reimbursable Expenses, exclusive of vehicle allowances.

53. As of the Petition Date, the Debtors do not believe there are any amounts owed on account of the Reimbursable Expenses. Although the Debtors ask that reimbursement requests be submitted promptly, sometimes submission delays occur. Accordingly, Employees may submit reimbursement requests for prepetition expenses after the Petition Date. Reimbursable Expenses

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[9] The Debtors' corporate credit card program is described, and relief is requested with respect to such program, in the *Debtors' Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, (II) Granting Administrative Expense Status to Postpetition Intercompany Balances, and (III) Granting Related Relief*, filed contemporaneously herewith.

are incurred with the understanding that they will be reimbursed. Without continued reimbursement of the Reimbursable Expenses, Employees relying on these benefits would be saddled with additional costs, causing personal financial hardship. Accordingly, to avoid harming Employees who incurred Reimbursable Expenses, the Debtors seek authority to satisfy any accrued but unpaid prepetition Reimbursable Expenses, and to continue to pay the Reimbursable Expenses on a postpetition basis in the ordinary course of business and consistent with past practices.

B. Severance Programs.

54. The Debtors maintain a variety of severance programs which either meet or exceed the statutory requirements for the respective Employee's jurisdiction, based on what is contained in each Employee's employment contract (the "Severance Programs").

55. As of the Petition Date, the Debtors believe they do not owe amounts on account of Severance Programs. However, out of an abundance of caution, the Debtors seek authority to pay prepetition amounts as they become due and to continue the Severance Programs in the ordinary course of business and consistent with historical practices. No Severance Program payments will be made to any insider in violation of section 503(c).

Basis for Relief

I. Sufficient Cause Exists to Authorize the Debtors to Honor the Employee Compensation and Benefits.

A. Certain Employee Compensation and Benefits Are Entitled to Priority Treatment.

56. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code entitle priority treatment to certain of the Employee Compensation and Benefits owed to the Employees. The Debtors are

required to pay such priority claims in full to confirm a chapter 11 plan.[10] To the extent that an Employee receives no more than the statutory prescribed limit on account of claims entitled to priority, granting the relief sought herein should only affect the timing of certain payments to the Employees and should not negatively affect recoveries for general unsecured creditors. Indeed, the Debtors submit that payment of the Employee Compensation and Benefits at this time enhances value for the benefit of all interested parties. Finding, attracting, and training new qualified talent would be extremely difficult and would most likely require higher salaries, guaranteed bonuses, and more comprehensive compensation packages than are currently provided to Employees.

B. Payment of Certain Employee Compensation and Benefits Is Required by Law.

57. The Debtors seek authority to pay the applicable Withholding Obligations to the appropriate third-party entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from the Employees' paychecks. Indeed, certain Withholding Obligations are not property of the Debtors' estates because the Debtors have withheld such amounts from the Employees' paychecks on another party's behalf.[11] Further, federal, state, and foreign laws require the Debtors to withhold certain tax payments from the Employees' paychecks and to pay such amounts to the appropriate taxing authority.[12] Because the Withholding Obligations may not be property of the Debtors'

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10 *See* 11 U.S.C. § 1129(a)(9)(b) (requiring payment of certain allowed unsecured claims for (a) wages, salaries, or commissions, including sick leave pay earned by an individual and (b) contributions to an employee benefit plan).

11 *See* 11 U.S.C. §§ 541(b)(1), (d).

12 26 U.S.C. §§ 6672, 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes).

estates, the Debtors request that the Court authorize them to transmit the Withholding Obligations on account of the Employees to the proper parties in the ordinary course of business.

58. Similarly, state and foreign laws require the Debtors to maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, state and/or foreign laws may prohibit the Debtors from operating in those jurisdictions. Payment of all workers' compensation amounts is therefore crucial to the Debtors' continued operations and the success of the Debtors' ongoing chapter 11 process.

II. Payment of the Employee Compensation and Benefits Is Proper Pursuant to Section 363(b) of the Bankruptcy Code and the Doctrine of Necessity.

59. Section 363(c)(1) of the Bankruptcy Code expressly grants the Debtors the authority to "enter into transactions . . . in the ordinary course of business" and "use property of the estate in the ordinary course of business without notice or a hearing." Therefore, the Debtors believe they are permitted to pay all postpetition amounts due pursuant to the Employee Compensation and Benefits as such actions are in the ordinary course of the Debtors' business. Out of an abundance of caution, however, the Debtors seek entry of an order granting the relief requested herein to avoid any disruptions to their business operations.

60. The relief requested herein may be granted by the Court pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Section 363(b)(1) provides that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." Under section 363(b), courts require only that the debtor "show that a sound business purpose justifies such actions."[13] Moreover, "[w]here the debtor articulates a reasonable basis for

[13] *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted) (requiring that the debtor show a "sound business purpose" to justify its actions under section 363 of the Bankruptcy Code); *see also In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987).

its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct."[14]

61. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances under section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of a bankruptcy court, empowers bankruptcy courts to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." The Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of the Employee Compensation and Benefits under the "necessity of payment" rule (also referred to as the "doctrine of necessity").

62. The United States Court of Appeals for the Third Circuit recognized the "necessity of payment" doctrine in *In re Lehigh & New England Ry. Co.* 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor.[15]

63. The necessity of payment doctrine is designed to foster a debtor's rehabilitation, which courts have recognized is "the paramount policy and goal of Chapter 11." [16]

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[14] *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) ("Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.").

[15] *Id.* (stating a court may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment").

[16] *See, e.g., Czyzewski v. Jevic Holding Corp.*, 137 S. Ct. 973, 985 (2017) (noting that payment of critical vendors, among other practices that differ from the priorities set forth in the Bankruptcy Code, is justified when they "enable a successful reorganization and make even the disfavored creditors better off" (citation omitted)); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (finding that payment of prepetition claims to certain trade vendors was "essential to the survival of the debtor during the chapter 11 reorganization"); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) ("[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code," but "[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment."); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of toolmakers as "necessary to avert a serious threat to the Chapter 11 process").

64. Payment of the Employee Compensation and Benefits is warranted under this authority and the facts of these Chapter 11 Cases. The majority of the Employees rely exclusively on the Employee Compensation and Benefits to satisfy their daily living expenses. Consequently, Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations for unpaid Employee Compensation and Benefits. Additionally, continuing ordinary course benefits will help maintain Employee morale and minimize the adverse effect of the commencement of these Chapter 11 Cases on the Debtors' ongoing business operations.

65. Moreover, Employees provide the Debtors with services necessary to conduct the Debtors' business, and the Debtors believe that absent the payment of the Employee Compensation and Benefits, the Debtors may experience turnover and instability at this critical time in these Chapter 11 Cases. The Debtors believe that without these payments, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships these Employees may face. Such Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' business is tied to their workforce, which cannot be replaced without significant efforts—efforts that might not be successful given the overhang of these Chapter 11 Cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. The Debtors therefore believe that payment of the prepetition obligations with respect to the Employee Compensation and Benefits is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their business in these Chapter 11 Cases.

66. Furthermore, if this Court does not authorize the Debtors to honor their various obligations under the benefits programs described herein, Employees will not receive health

coverage and, thus, may be obligated to pay certain health care claims that the Debtors have not satisfied. The loss of health care coverage will result in considerable anxiety for Employees (and likely attrition) at a time when the Debtors need such Employees to perform their jobs at peak efficiency. Additionally, as set forth above, Employee attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors' operations at this critical juncture. Furthermore, many of the Employees are highly specialized and trained, with an expertise in managing and handling the complexities associated with mass timber and ground protection solution production. Accordingly, attrition of key personnel could result in unplanned delays or cessation of operations, which would result in a loss of value for all stakeholders.

67. Indeed, courts in this district have recognized the importance of satisfying employee obligations in cases requesting relief similar to that requested here.[17]

III. A Limited Waiver of the Automatic Stay for Workers' Compensation Claims Is Appropriate Here.

68. Section 362(a)(1) of the Bankruptcy Code operates to stay:

> [T]he commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title . . . .

[17] *See, e.g., In re PLX Pharma Inc.*, No. 23-20456 (MFW) (Bankr. D. Del. Apr. 14, 2023), Docket No. 36 (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a postpetition basis); *In re Pear Therapeutics, Inc.*, No. 23-10429 (TMH) (Bankr. D. Del. Apr. 12, 2023), Docket No. 49 (same); *In re Virgin Orbit Holdings, Inc.*, No. 23-10405 (KBO) (Bankr. D. Del. Apr. 5, 2023), Docket No. 63 (same); and *In re Boxed, Inc.*, No. 23-10397 (BLS) (Bankr. D. Del. Apr. 4, 2023), Docket No. 46 (same).

Section 362(d) of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for "cause."

69. The Debtors seek authorization, under section 362(d) of the Bankruptcy Code, to permit their Employees to proceed with their claims against the Workers' Compensation Program in the appropriate judicial or administrative forum. The Debtors believe that cause exists to modify the automatic stay because staying the Employee's workers' compensation claims could have a detrimental effect on the financial well-being and morale of the Employees and lead to the departure of certain Employees who are critical at this juncture. Such departures could cause a severe disruption in the Debtors' business to the detriment of all stakeholders. In addition, as noted above, if the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those jurisdictions. Accordingly, the Debtors request a limited waiver of the automatic stay for purposes of allowing the Debtors' Workers' Compensation Program to proceed.

Processing of Checks and Electronic Fund Transfers Should Be Authorized

70. The Debtors have sufficient funds to pay the amounts described in this motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations, the proposed debtor in possession financing, and anticipated access to cash collateral. Under the Debtors' existing cash management system, the Debtors have made arrangements to readily identify checks or wire transfer requests relating to the relief requested in this Motion. Accordingly, the Debtors believe that checks or wire transfer requests that are not related to authorized payments will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

71. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, the relief requested in this Motion is integral to the Debtors' ability to transition their operations into these Chapter 11 Cases smoothly. Failure to receive such authorization and other relief during the first 21 days of these Chapter 11 Cases would severely disrupt the Debtors' operations at this critical juncture. For the reasons discussed herein, the relief requested is necessary for the Debtors to maintain the going-concern value of their business for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Reservation of Rights

72. Nothing contained in this motion or any actions taken by the Debtors pursuant to relief granted in the Interim Order and Final Order is intended or should be construed as: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this motion are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. If

the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

73. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Notice

74. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the United States Attorney's Office for the District of Delaware; (c) the state attorneys general for all states in which the Debtors conduct business; (d) the Internal Revenue Service; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) counsel to the Prepetition Lender ant the DIP Lender; (g) the Debtors' Banks; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. Additionally, notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[*Remainder of Page Intentionally Left Blank*]

WHEREFORE, the Debtors respectfully request entry of the Interim and Final Orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, (a) granting the relief requested herein, and (b) granting such other relief as is just and proper.

Dated: April 24, 2023
Wilmington, Delaware

CHIPMAN BROWN CICERO & COLE, LLP

/s/ Mark D. Olivere
William E. Chipman, Jr. (No. 3818)
Robert A. Weber (No. 4013)
Mark L. Desgrosseilliers (No. 4083)
Mark D. Olivere (No. 4291)
Hercules Plaza
1313 North Market Street, Suite 5400
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olivere@chipmanbrown.com

Proposed Conflicts Counsel to Debtors and Debtors in Possession

Exhibit A

Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Jointly Administered)
Debtors.	)	**Re: Docket No. __**

INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE CERTAIN EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an interim order (this "Interim Order"): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; (b) scheduling a final hearing to consider approval of the Motion on a final basis; and (c) granting related relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

[2] Capitalized terms used but not defined herein have the meanings given to such terms in the Motion.

the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard any statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.

2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2023, at __:__ _.m. (prevailing Eastern Time). Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2023, and shall be served on: (a) the Debtors, 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5, Attn: Matthew Karmel (mkarmel@structurlam.com); (b proposed counsel to the Debtors, Chipman Brown Cicero & Cole, LLP, Hercules Plaza, 1313 North Market Street, Suite 5400, Wilmington, Delaware 19801, Attn: William E. Chipman, Jr. (chipman@chipmanbrown.com); Robert A. Weber (weber@chipmanbrown.com); Mark L. Desgrosseilliers (desgross@chipmanbrown.com); and Mark Olivere (olivere@chipmanbrown.com); (c) the Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Benjamin A. Hackman (Benjamin.A.Hackman@usdoj.gov); (d) counsel to the Prepetition Lender and DIP Lender

(i) Blake, Cassels & Graydon LLP, 855 - 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8, Attn: Kelly Bourassa (kelly.bourassa@blakes.com), Christopher Keliher (christopher.keliher@blakes.com), Erik Fleming (erik.fleming@blakes.com), and Austin Beck (Austin.Beck@blakes.com) (ii) Chapman and Cutler LLP, 320 South Canal Street, Chicago, Illinois 60606 (Attn: Stephen R. Tetro II and James P. Sullivan), email: stetro@chapman.com and jsulliva@chapman.com, and (iii) Womble Bond Dickinson (US) LLP, 1313 North Market Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Matthew P. Ward), email: matthew-ward@wbd-us.com; and (e) counsel to any statutory committee appointed in the Chapter 11 Cases.

3. The Debtors are authorized, but not directed, in their sole discretion, to: (a) continue, modify, change, and discontinue the Employee Compensation and Benefits in the ordinary course of business during these Chapter 11 Cases and without the need for further Court approval, subject to applicable law and (b) pay and honor prepetition Employee Obligations in the ordinary course of business, in an amount not to exceed $863,706 (CAD) and $207,306 (USD) (excluding Employee claims under Health Insurance Benefits and Workers' Compensation Program) absent further order of this Court; provided that, absent further order of this Court, no amount in excess of the $15,150 priority cap imposed by section 507(a)(4) of the Bankruptcy Code shall be paid to any Employee on account of Unpaid Compensation or to any Contractor Employee on account of Contractor Fees, unless such amounts above the $15,150 statutory cap are a result of cash payment for Time-Off Benefits that is required under applicable law.

4. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers'

Compensation Program in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

5. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Withholding Obligations to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

6. Notwithstanding anything to the contrary contained herein, with respect to the Severance Programs, no payments, absent further Court order, shall be made to or on behalf of any "insider" as that term is defined in section 101(31) of the Bankruptcy Code.

7. Nothing herein shall be deemed to authorize or approve any payment, bonus plan, or severance plan that is subject to section 503(c) of the Bankruptcy Code.

8. Nothing herein shall be deemed to (i) authorize the payment of any amounts in satisfaction of prepetition obligations under the Sales Commission Plan or the Severance Programs or (ii) authorize the Debtors to cash out Time-Off Benefits upon termination of an Employee, unless such payment is required by applicable law.

9. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Obligations.

10. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the

Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim. The relief granted by this Interim Order is not intended to and does not grant the Debtors any authority to use cash collateral of Bank of Montreal or to use proceeds of any postpetition financing provided by Bank of Montreal in any way inconsistent with the provisions of any interim or final order of this Court approving the Debtors' use of cash collateral or authorizing the Debtors to obtain debtor-in-possession financing (a "DIP Order"). For the avoidance of doubt, in case of a conflict between the provisions of this Interim Order and a DIP Order, the provisions of such DIP Order shall control.

11. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order without any duty of further inquiry.

12. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored

as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with Employee Compensation and Benefits Programs.

13. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

14. Notice of the Motion was provided in accordance with Local Rule 9013-1(m)(iii) and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

15. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

16. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

17. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Exhibit B

Final Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Jointly Administered)
Debtors.	)	**Re: Docket No. __**

FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EXPENSES AND (B) CONTINUE CERTAIN EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of a final order (this "Final Order"): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief; all as more fully set forth in the Motion and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

[2] Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Motion.

Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.

2. The Debtors are authorized, but not directed, in their sole discretion, to: (a) continue, modify, change, and discontinue the Employee Compensation and Benefits in the ordinary course of business during these Chapter 11 Cases and without the need for further Court approval, subject to applicable law, and (b) pay and honor prepetition Employee Obligations in the ordinary course of business.

3. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

4. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Withholding Obligations to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

5. Notwithstanding anything to the contrary contained herein, with respect to the Severance Programs, no payments, absent further Court order, shall be made to or on behalf of any "insider" as that term is defined in section 101(31) of the Bankruptcy Code other than with respect to payments on account of Severance Programs that are required by applicable law.

6. Nothing herein shall be deemed to authorize the payment of any amounts that violate section 503(c) of the Bankruptcy Code.

7. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

8. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party in interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all other parties in interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim. The relief granted by this Final Order

is not intended to and does not grant the Debtors any authority to use cash collateral of Bank of Montreal or to use proceeds of any postpetition financing provided by Bank of Montreal in any way inconsistent with the provisions of any interim or final order of this Court approving the Debtors' use of cash collateral or authorizing the Debtors to obtain debtor-in-possession financing (a "DIP Order"). For the avoidance of doubt, in case of a conflict between the provisions of this Final Order and a DIP Order, the provisions of such DIP Order shall control.

9. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

10. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the Employee Compensation and Benefits Programs.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

13. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

This is Exhibit "AAA" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.

A Commissioner for taking Affidavits in British Columbia

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Joint Administration Requested)
Debtors.	)	

DEBTORS' MOTION SEEKING ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS TO (A) OBTAIN POSTPETITION FINANCING AND (B) UTILIZE CASH COLLATERAL, (II) GRANTING LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE CLAIMS, (III) MODIFYING AUTOMATIC STAY, AND (IV) GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (collectively, the "Debtors" or the "Company") state as follows in support of this motion (this "Motion"):

Relief Requested

1. The Debtors seek entry of an interim order, substantially in the form attached hereto as **Exhibit A** (the "Interim Order"),[2] and a final order (the "Final Order" and, together with the Interim Order, the "DIP Orders"):

(a) Authorizing (i) Structurlam Mass Timber Corporation (the "Cdn. Borrower") and Structurlam Mass Timber U.S., Inc., (the "U.S. Borrower," and collectively with the Cdn. Borrower, the "Borrowers") to obtain and be obligated in respect of postpetition financing (the "DIP Facility") in the form of that certain *Senior Secured SuperPriority DIP Financing Credit Agreement* (the "DIP Credit Agreement"), attached hereto as Exhibit 1 to **Exhibit A**, and for (a) SLP Holdings Ltd. ("SLP"), (b) Natural Outcomes,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Interim Order or the DIP Credit Agreement (as defined herein), as applicable.

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LLC ("Natural"), (c) with respect to the Cdn. Borrower, the U.S. Borrower, and (d) with respect to the U.S. Borrower, the Cdn. Borrower (collectively, the "Guarantors" and each a "Guarantor", and together with the Borrowers, the "Loan Parties") which DIP Facility shall include up to a maximum principal amount of Cdn. $7,500,000 of new money funding (such funds the "DIP Loans") on a final basis, to be loaned pursuant to the DIP Credit Agreement by and among the Loan Parties and Bank of Montreal (the "DIP Lender"),[3] pursuant to the terms of the DIP Orders and the DIP Credit Agreement and any subsequent credit agreement and related security agreements and other documents required to be executed or delivered by or in connection with the DIP Facility (each as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof and the Interim Order, collectively, the "DIP Documents"), to enable the Debtors to pay the expenses in the DIP loan budget ("DIP Budget") attached as Exhibit 2 to the Interim Order (and Exhibit 1 to the DIP Declaration (as defined herein));

(b) authorizing the Borrowers to execute and deliver the DIP Documents and to perform their respective obligations thereunder and to perform such other and further acts as may be required in connection with the DIP Documents;

(c) authorizing the Borrowers to borrow (i) up to Cdn. $4,000,000 of DIP Loans pursuant to the Interim Order (the "Interim DIP Amount") and (ii) up to the full amount of the DIP Loans, inclusive of the Interim DIP Amount, pursuant to the Final Order;

(d) authorizing the Borrowers to grant security interests, liens, and superpriority claims (including superpriority claims pursuant to 11 U.S.C. § 364(c)(1) and liens pursuant to 11 U.S.C. §§ 364(c)(2), 364(c)(3), and 364(d)) to the DIP Lender, in each case payable from, and having recourse to, the DIP Collateral (as defined herein) and all proceeds thereof; provided, however, that such security interests, liens, and superpriority claims shall have the priority described in the DIP Documents and the DIP Orders;

(e) authorizing the Debtors to use cash collateral (the "Cash Collateral"), as such term is defined in 11 U.S.C. § 363(a), in accordance with the Debtor's weekly cash flow forecast setting forth all projected post-petition cash receipts and cash disbursements as set forth in the DIP Budget, and all future budgets, pursuant to the terms of the Interim Order to be followed by the Final Order;

(f) authorizing the Debtors to apply Cash Collateral and proceeds of Collateral in excess of the aggregate receipts forecast in the initial DIP Budget

[3] As set forth in the List of Equity Security Holders of SLP filed with the Debtors' chapter 11 petitions, Bank of Montreal d.b.a. BMO Capital Partners holds approximately 1.7 percent of the Class C Preferred interests in SLP.

attached to the Interim Order as Exhibit 2, first, to repayment of the Pre-Petition Obligations (as defined in the Interim Order) owing under the Prepetition Credit Agreement (as defined below) up to the amount of Cdn. $3,900,000 (the "Roll-Up Amount") and, second, to the DIP Indebtedness (in accordance with the DIP Loan Documents) until paid in full;

(g) granting adequate protection in favor of the Prepetition Lender (as defined below) in accordance with the Interim Order;

(h) subject to entry of the Final Order, authorizing the waiver by the Debtors of the right to (i) assert claims to surcharge against the DIP Collateral pursuant to 11 U.S.C. § 506(c) and (ii) seek marshaling with respect to the DIP Collateral;

(i) modifying of the automatic stay imposed under 11 U.S.C. § 362 to the extent necessary to implement and effectuate the terms and provisions of the DIP Documents and the DIP Orders, as applicable;

(j) scheduling a Final Hearing within approximately 21 days of the commencement of these chapter 11 cases to consider entry of the Final Order; and

(k) granting related relief.

2. In support of the Motion, the Debtors rely on the *Declaration of Matthew Karmel, Interim Chief Executive officer of the Debtors in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration") and the *Declaration of Kevin Haggard in Support of Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtor to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens And Superpriority Administrative Expense Claims, (III) Modifying Automatic Stay, and (IV) Granting Related Relief* (the "DIP Declaration"), each of which is filed substantively contemporaneously herewith and incorporated herein by reference.

Jurisdiction and Venue

3. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing*

Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

4. The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

5. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The bases for the relief requested herein are sections 105, 361, 362, 363(b), 363(c)(2), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), 364(e), 503, 506(c), and 507 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014, and Local Rules 2002-1(b), 4001-2, and 9013.

Background

7. The Debtors are a leading manufacturer of mass timber solutions and ground protection solutions used in construction and industrial markets, with U.S. facilities in Conway, Arkansas and Canadian facilities in Penticton, Okanagan Falls, and Oliver, British Columbia. The Debtors have completed or assisted in supplying mass timber for numerous projects throughout North America including, among others: the University of British Columbia Brock Commons in Vancouver, British Columbia in 2016 and 2017, at the time the tallest wood structure building in the world; the Microsoft Silicon Valley Campus in Mountain View, California in 2019, at the time

the largest mass timber structure built in the United States; and the Google Mountain View California campus in 2020.

8. On April 21, 2023 (the "Petition Date"), the Debtors commenced with the Court voluntary cases (the "Chapter 11 Cases") under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in the Chapter 11 Cases.

9. Contemporaneously with the filing of this Motion, the Debtors have filed with the Court a motion requesting joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

10. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the circumstances leading to the commencement of the Chapter 11 Cases, is set forth in greater detail in the First Day Declaration.

Preliminary Statement

11. The Debtors require immediate access to incremental liquidity in the form of postpetition financing to preserve the value of the Debtors' estates, undertake a successful sale process, and maximize recoveries for all stakeholders. Accordingly, the Debtors seek authorization to enter into the DIP Facility in an aggregate principal amount of up to Cdn. $7,500,000 million, with up to Cdn. $4,000,000 million of such amount available upon interim approval of this Motion. The DIP Facility will allow, and is necessary for, the Debtors to fund their ordinary course operating expenses while pursuing a value maximizing sale process that is the culmination of a months-long, competitive, and thorough prepetition marking process of the Debtors' assets.

12. If approved, the Debtors will use the proceeds of the DIP Facility to, among other things, fund the Debtors' restructuring efforts, including additional, postpetition marketing efforts and ultimately the sale of substantially all of their assets, and the administration of the Debtors' Chapter 11 Cases. Obtaining an immediate injection of cash is critical. Without the liquidity provided by the DIP Facility, the Debtors will be unable to effectuate their restructuring efforts, preventing the Debtors from maximizing the value of their estate for all stakeholders.

13. For these reasons, and for the reasons set forth below and in the DIP Declaration and First Day Declaration, the Debtors believe, in the exercise of their business judgment, that approval of the DIP Facility will maximize value for the Debtors' stakeholders. Accordingly, the Debtors respectfully request that the Court enter the DIP Orders authorizing the Debtors' access to the DIP Facility.

CONCISE STATEMENT PURSUANT TO BANKRUPTCY RULE 4001 AND LOCAL RULE 4001-2

14. As required by Bankruptcy Rules 4001(b)(1)(B) and 4001(c)(1)(B) and Local Rule 4001-2, the Debtors submit the following concise statement of the material terms of the DIP Facility:[4]

Summary of Material Terms	
Parties to the Proposed DIP Facility *Fed. R. Bankr. P. 4001(c)(1)(B)*	**Borrowers**: Structurlam Mass Timber Corporation and Structurlam Mass Timber U.S., Inc. **Guarantors**: SLP Holdings Ltd.; Natural Outcomes, LLC; Structurlam Mass Timber Corporation; and Structurlam Mass Timber U.S., Inc. **DIP Lender**: Bank of Montreal.
Purpose	The Debtors need immediate access to incremental liquidity in the form of postpetition financing: (1) to finance operating expenses and restructuring costs in the CCAA Proceedings and U.S. Proceedings, (2) to pay professional fees and other items in accordance with an Agreed Budget, and (3) for general corporate purposes

[4] This concise statement is qualified in its entirety by, and subject to, the DIP Documents. To the extent there is any conflict between this concise statement and the DIP Documents, the terms of the DIP Documents shall control.

Summary of Material Terms	
Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)	of the Borrowers and the other Obligors. Obtaining an immediate injection of cash is critical. Without the liquidity provided by the DIP Facility, the Debtors will be unable to effectuate their restructuring efforts, preventing the Debtors from maximizing the value of their estate for all stakeholders. *See* DIP Credit Agreement § 8.1(s).
Borrowing Limits *Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)A*	The DIP Facility provides for the following: DIP Interim New Money Loans: Cdn. $4,000,000 shall be available upon entry of the Interim Order; DIP Final New Money Loans: Cdn. $3,500,000 shall be available upon entry of the Final Order. The DIP Facility includes availability under the MasterCard Facilities (as defined in the Pre-Filing Secured Credit Agreement) up to the amounts of Cdn. $25,000 and U.S. $20,000 *See* DIP Credit Agreement § 1.1 (Definitions, "Credit Facility").
Initial DIP Budget *Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(iii)*	A copy of the Initial DIP Budget is attached as Exhibit 2 to the Interim Order.
Interest Rates *Fed. R. Bankr. P. 4001(c)(1)(B)*	In respect of any Loan: 14% per annum, accruing daily, payable in arrears on the last banking day of each calendar month. Upon the occurrence of and during the continuation of any Event of Default: 17% per annum. *See* DIP Credit Agreement §§ 1.1 (Definitions, "Applicable Pricing Margin"), 5.1, 5.2, 5.7.
Maturity Date *Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)*	The earlier to occur of: (a) June 30, 2023; (b) the effective date of a Plan; (c) the APA Closing; and (d) the date of delivery of an Acceleration Notice or the occurrence of an Acceleration Event. *See* DIP Credit Agreement §§ 1.1 (Definitions, "Maturity Date")
Repayment Features / Roll-Up *Local Rule 4001-2(a)(i)(E) & (O)*	(a) Cash Collateral and proceeds of Collateral in excess of the aggregate receipts forecast in the initial DIP Budget attached to the Interim Order as Exhibit 2 shall be applied, first, to repayment of the Pre-Petition Obligations up to the amount of Cdn. $3,900,000, and, second, to the DIP Indebtedness until paid in full, in accordance with the Payment Protocol as defined in the DIP Credit Agreement. Except to the extent permitted otherwise pursuant to the preceding sentence, all proceeds of Pre-Petition Collateral shall be applied to the Pre-Petition Indebtedness (in accordance with the Pre-Petition Loan Documents) until paid in full. The Debtors shall not have the right to direct the manner of application of any payments to the Pre-Petition Lender or the DIP Lender or any other receipts by the Pre-Petition Lender or the DIP Lender of proceeds of any of the Pre-Petition Collateral or Collateral other than in the manner set forth in this ordering paragraph, the Pre-Petition Credit Agreement and the DIP Credit Agreement. The Debtors are

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	authorized to make all payments and transfers of Estate property to the DIP Lender as provided for, permitted and/or required under the DIP Credit Agreement and the other DIP Loan Documents, and any such payments and transfers shall not be avoidable or recoverable from the DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. (b) Without limiting the generality of Paragraphs 1.5(a), the Debtors are authorized without further order of this Court to pay or reimburse the DIP Lender for all costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by the DIP Lender in connection with the financing transactions as provided in this Interim Order and the DIP Loan Documents, whether incurred pre-petition or post-petition, all of which shall be and are included as part of the principal amount of the Post-Petition Obligations and secured by the Collateral (as defined herein); provided that any such legal fees shall be paid only in accordance with the procedures set forth in Paragraph 5.12 of this Interim Order. *See* Interim Order ¶ 1.5.
Commitment Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(ii)	Up to a maximum principal amount of Cdn. $7,500,000, with up to Cdn. $4,000,000 pursuant to the Interim Order. *See* DIP Credit Agreement § 1.1 (Definitions, "Credit Facility").
Conditions Precedent to Closing and Lending *Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(E)*	The DIP Credit Agreement shall be effective on the date upon which each of the following conditions are satisfied or waived in writing by the DIP Lender: (a) **Initial Order**. The Canadian Court shall have issued and entered the Initial Order by the Outside Date, satisfactory to the Lender and substantially in the form annexed to the DIP Credit Agreement as Schedule D, and the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Lender, as determined by the Lender (acting reasonably), without the consent of the Lender. (b) **U.S. Interim DIP Order.** The U.S. Court shall have issued and entered the Interim U.S. DIP Order by the Outside Date, satisfactory to the Lender and substantially in the form annexed to the DIP Credit Agreement as Schedule F, and the Interim U.S. DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Lender, as determined by the Lender (acting reasonably), without the consent of the Lender.

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	(c) [Reserved] (d) **Representations and Warranties.** The representations and warranties contained in Section 7.1 are true and correct as of such time, and the Lender shall have received a certificate from the Borrowers certifying the same. (e) **No Event of Default.** As of the Effective Date, there exists no Default or Event of Default, and the Lender shall have received a certificate from the Borrowers certifying the same. (f) **No Material Adverse Change.** No Material Adverse Change shall have occurred since the date of issuance of the Initial Order and the Lender shall have received a certificate of the Borrowers certifying the same. (g) **Receipt of Documentation.** The Lender shall have received, in form and substance satisfactory to the Lender, (a) a duly executed original of this Agreement, (b) duly executed copies of the Security required pursuant to Section 9.1, (c) a certificate of status, certificate of good standing or similar document in respect of each Obligor issued under the laws of each jurisdiction where such Obligor is organized or formed; (d) an officer's certificate provided by or on behalf of each Obligor attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate of the officer's executing the Documents; (e) a true and complete copy of the Initial Order, the Interim U.S. DIP Order, and the Agreed Budget; (f) an officer's certificate of the Borrowers certifying as to the matters set forth in Sections 3.1(d), (e) and (f); (g) a certificate or certificates of insurance in respect of the Obligors; (h) any applicable "know your client" or anti-money laundering information which the Lender may require; and (i) such other documents as are required under this Agreement or which the Lender may reasonably request. (h) **Lender Charge.** There are no Security Interests ranking in priority to the Lender Charge, other than Permitted Priority Liens. (i) **Fees.** The Borrowers have paid to the Lender a work fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 3% of the maximum authorized principal amount of the Credit Facility on the Effective Date. (j) **Lenders Fees and Expenses.** The Borrowers have paid to the Lenders all other fees and expenses of the Lender then due and payable (including all accrued and unpaid the fees and expenses of Lender's Counsel and Lender's Counsel's Financial Advisor); and

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	On or before each Drawdown under a given Credit Facility the following conditions shall be satisfied: (a) the Lender shall have received a proper and timely Drawdown Notice from the relevant Borrower requesting the Drawdown; (b) the representations and warranties set forth in Section 7.1 shall be true and accurate in all material respects on and as of the date of the requested Drawdown, except to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall be true and accurate in all material respects as of such earlier date; provided that any representation or warranty that is qualified as to "in all material respects", "materiality", "Material Adverse Effect" or similar language shall be true and accurate in all respects, as so qualified, on and as of the date of the requested Drawdown or as of such earlier date, as the case may be; (c) no Default or Event of Default shall have occurred and be continuing on and as of the date of the requested Drawdown nor shall the Drawdown result in the occurrence of a Default or Event of Default; (d) after giving effect to the proposed Drawdown, the Outstanding Principal of all Loans outstanding under the Credit Facility shall not exceed the maximum principal amount of the Credit Facility; and (e) all fees and expenses of the Lender then due and payable (including all accrued and unpaid fees and expenses of Lender's Counsel and Lender's Counsel's Financial Advisor) for which invoices have been provided to the Borrowers, shall have been paid or will be paid from the proceeds of the requested Drawdown. *See* DIP Credit Agreement §§ 3.1, 3.2.
Events of Default *Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(M)*	The DIP Credit Agreement contains customary events of default for financings of this type, which are set forth in Article 10.1 of the DIP Credit Agreement. *See* DIP Credit Agreement § 10.1.
Carve-Out *Fed. R. Bankr. P.* 4001(b)(l)(B)(ii) Local Rule 4001-2(a)(ii)	As used in this Interim Order, the "Carve-Out" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under 28 U.S.C. § 1930(a) plus interest at the statutory rate through the Carve-Out Termination Date (defined below); (ii) all reasonable fees and expenses up to $25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or other order of this Court, all unpaid fees and expenses (the "Allowed Professional Fees") incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "Debtor Professionals"), including any Debtor Professionals appointed to act on behalf of the Debtors before the Supreme Court of

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	British Columbia and retained by the Debtors in such capacity under the foregoing provisions of the Bankruptcy Code, and the Committee pursuant to sections 328 or 1103 of the Bankruptcy Code (the "Committee Professionals" and, together with the Debtor Professionals, the "Professional Persons") at any time before or on the last day of the week in which an Enforcement Notice is served, less the amount of any remaining and unapplied fee retainers held by any such Professional Person pursuant to Sections 327, 328 or 1103 of the Bankruptcy Code, provided, that the Allowed Professional Fees of the Committee Professionals shall not at any time exceed the aggregate amount of the fees and expenses identified in the DIP Budget for each such Committee Professional covering the period of time commencing on the Petition Date through the earlier of (A) the date of determination, and (B) the last day of the week in which an Enforcement Notice is served; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $500,000 incurred after the first business day following delivery by the DIP Lender of the Enforcement Notice, to the extent allowed at any time, whether by interim order, procedural order, or other order of this Court (the amounts set forth in this clause (iv) being the "Post-Notice Carve-Out Cap"). For the avoidance of doubt, (i) so long as an Enforcement Notice has not been issued, the Debtors shall be permitted to pay Allowed Professional Fees as the same may be due and payable to the extent set forth in the DIP Budget and in accordance with the DIP Credit Agreement and this Interim Order; and (ii) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described herein. On the day on which an Enforcement Notice is given by the DIP Lender to the Debtors with a copy to counsel to the Committee (the "Termination Declaration Date"), the Enforcement Notice shall constitute a demand to the Debtors to utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then-unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account at the DIP Lender in trust to pay such then unpaid Allowed Professional Fees (the "Pre-Notice Carve-Out Reserve") prior to any and all other claims. On the Termination Declaration Date, the Enforcement Notice shall also constitute a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor, after funding the Pre-Notice Carve-Out Reserve, to fund a reserve in an amount equal to the Post-Notice Carve-Out Cap. The Debtors shall deposit and hold such amounts in a segregated account at the DIP Lender in trust to pay such Allowed Professional Fees benefiting from the Post-Notice Carve-Out Cap (the "Post-Notice Carve-Out Reserve" and, together with the Pre-Notice Carve-Out Reserve, the "Carve-Out Reserves") prior to any and all other claims. All funds in the Pre-Notice Carve-Out Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "Pre-Notice Carve Out Amounts"), but not, for the avoidance of doubt, the Post-Notice Carve-Out Cap, until paid in full, and then, to the extent the Pre-Notice Carve-Out Reserve has not been reduced to zero, to the DIP Lender for application to the Post-Petition Obligations, unless the Post-Petition Obligations have been indefeasibly paid in full, in cash, and all commitments under the DIP Loan Documents have been terminated, in which case any such excess shall be paid to the

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	Pre-Petition Lender in accordance with its rights and priorities hereunder. All funds in the Post-Notice Carve-Out Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "Post-Notice Carve-Out Amounts"), and then, to the extent the Post-Notice Carve-Out Reserve has not been reduced to zero, to the DIP Lender for application to the Post-Petition Obligations, unless the Post-Petition Obligations have been indefeasibly paid in full, in cash, and all commitments under the DIP Loan Documents have been terminated, in which case any such excess shall be paid to the Pre-Petition Lender in accordance with its rights and priorities hereunder. Notwithstanding anything to the contrary in the DIP Loan Documents, or this Interim Order, if either of the Carve-Out Reserves is not funded in full in the amounts set forth in this paragraph 2.3, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Notice Carve-Out Amounts and Post-Notice Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth in this paragraph 2.3, prior to making any payments to the DIP Lender, as applicable. Notwithstanding anything to the contrary in the DIP Loan Documents or this Interim Order, following delivery of an Enforcement Notice, the DIP Lender and the Pre-Petition Lender shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the DIP Lender for application in accordance with the DIP Loan Documents and the Pre-Petition Lender in accordance with the Pre-Petition Loan Documents pursuant to their relative rights and priorities as set forth herein. Further, notwithstanding anything to the contrary in this Interim Order, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute Loans (as defined in the DIP Credit Agreement) or increase or reduce the Post-Petition Obligations, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, (iii) in no way shall the DIP Budget, Carve-Out, Post-Notice Carve-Out Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors and (iv) the DIP Lender shall have no obligation to advance any loans or other amounts after the Termination Declaration Date. For the avoidance of doubt and notwithstanding anything to the contrary in this Interim Order, the DIP Loan Documents, or in any Prepetition Loan Documents, the Carve-Out shall be senior to all liens and claims securing the Post-Petition Obligations and the Superpriority Claim, and any and all other forms of adequate protection, liens, or claims securing the Post-Petition Obligations or the Pre-Petition Obligations *See* Interim Order ¶¶ 2.3(a), (c).
Priority of Claims and Liens; Collateral *Fed. R. Bankr. P. 4001(c)(1)(B)(i)*	"DIP Collateral" means all property identified below. Priming Liens on Encumbered Property. Pursuant to section 364(d)(1) of the Bankruptcy Code, valid and perfected first priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Debtors' Estates may have (the "Pre-Petition Liens") (but subject to the Carve-Out (as defined herein) and the Permitted Liens), in and upon all tangible and intangible

	Summary of Material Terms
	pre- and post-petition property of the Debtors that is subject to a security interest or lien as of the Petition Date, including the Pre-Petition Collateral. Liens on Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all tangible and intangible pre- and post-petition property of the Debtors, whether existing on the Petition Date or thereafter acquired, that, on, after or as of the Petition Date, is not subject to a valid, perfected and non-avoidable lien (collectively, the "Unencumbered Property"), including any and all unencumbered cash of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, claims, causes of action, commercial tort claims, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, intellectual property, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, and including the Debtors' rights in any deposit or escrowed funds delivered by any proposed buyer of assets of any of the Debtors, whether delivered prior to or after the Petition Date, and including any Funded Reserve Account (as defined below) or any similar account and the contents thereof, in each case wherever located and whenever arising, and the proceeds, products, rents and profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than, prior to the entry of the Final Order, the Excluded Collateral, but including, upon entry of the Final Order, the Avoidance Proceeds. Lien Priority in Collateral. The liens and security interests of the DIP Lender granted under the DIP Loan Documents and this Interim Order in the Collateral securing all Post-Petition Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that the DIP Lender's liens on and security interests in the Collateral shall be subject only to (a) the Permitted Liens and (b) the Carve-Out (as defined herein). DIP Superpriority Administrative Expense Claims. For all Post-Petition Obligations now existing or hereafter arising pursuant to this Interim Order, the DIP Loan Documents or otherwise, the DIP Lender is granted an allowed superpriority administrative claim pursuant to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 364(c)(1), 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 546(c), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all pre-petition and post-petition

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	property of the Debtors and all proceeds thereof (the "DIP Loan Superpriority Claim"). *See* Interim Order ¶¶ 2.1, 2.2.
Adequate Protection / Identity of Each Entity with Interest in Cash Collateral *Fed. R. Bankr. P. 4001(c)(l)(B)(ii); (b)(1)(B)(i), (iv); Local Rule 4001-2(a)(i)(K) & (P)*	The Prepetition Lender (as defined below) shall be granted the following adequate protection, subject in all cases to the Carve-Out: a) valid and automatically perfected replacement liens and security interests in and upon the DIP Collateral, junior and subordinate only to (A) the Carve-Out (B) the Permitted Liens, and (C) DIP Liens; b) superpriority administrative claims under section 507(b) of the Bankruptcy Code, junior only to (A) the Carve-Out and (B) the DIP Loan Superpriority Claim; c) the payment of the professional fees and expenses of the Prepetition Lender; and d) the payment of cash interest at the non-default rate as and when due under the Prepetition Credit Agreement. *See* Interim Order ¶¶ 2.6(b), (c).
Debtors' Stipulations *Fed. R. Bankr. P. 4001(c)(1)(B)(iii); Local Rule 4001-2(a)(i)(B)*	The "Challenge Period" means, collectively, no later than (i) with respect to any Committee, the date that is sixty (60) days after the Committee's formation, (ii) if no Committee is appointed, then with respect to other parties in interest, no later than the date that is seventy-five (75) days after the entry of this Interim Order, or (iii) with respect to any chapter 11 trustee appointed in the Chapter 11 Cases, or any chapter 7 trustee appointed in case of conversion of the Chapter 11 Cases (a "Successor Case"), prior to the expiration of the periods set forth in subsections (i) and (ii) above, no later than the date that is the later of (A) fourteen (14) days after the appointment of such trustee or (B) the expiration of the time periods set forth in the foregoing subsections (i) and (ii) above. Pre-Petition Loan Documents. Prior to the commencement of the Chapter 11 Cases, the Pre-Petition Lender (as defined herein) made loans, advances and provided other financial accommodations to the Loan Parties pursuant to the terms and conditions set forth in (1) that certain Amended and Restated Letter Agreement dated December 3, 2019 among the Borrowers as borrowers, SLP and Natural as guarantors, and Bank of Montreal, as lender (the "Pre-Petition Lender") as amended by a waiver and first amendment agreement dated as of February 2, 2021, a waiver and second amendment agreement dated as of September 29, 2021, a waiver and third amendment agreement dated as of January 24, 2022, a fourth amendment agreement dated as of June 17, 2022, a fifth amendment agreement dated as of June 27, 2022, a consent and sixth amending agreement dated as of February 7, 2023, a seventh amending agreement dated as of March 3, 2023, and an eighth amending agreement dated as of April 21, 2023 (collectively, the "Pre-Petition Credit Agreement"); and (2) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of the Pre-Petition Lender in connection with the Pre-Petition Credit Agreement, including, without limitation,

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	all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements, PPSA financing statements, and all other related agreements, documents and instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Pre-Petition Credit Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "Pre-Petition Loan Documents"). Copies of the operative Pre-Petition Loan Documents are in the possession of counsel to the Debtors and available upon reasonable request. Pre-Petition Loan Obligations. As of the Petition Date, the Loan Parties were indebted to the Pre-Petition Lender under the Pre-Petition Loan Documents in respect of (a) a committed revolving credit facility in the maximum principal amount of Cdn. $3,000,000, (b) a non-revolving term credit facility in the original maximum principal amount of Cdn. $21,333,317, (c) a revolving letter of credit facility in the maximum principal amount of Cdn. $413,000, (d) a committed, reducing, non-revolving term credit facility in the original maximum principal amount of US $35,529,007, (e) a MasterCard Facility providing corporate credit card services in the maximum principal amount of US $50,000 and Cdn. $100,000 and (f) an uncommitted non-revolving demand facility in the maximum principal amount of Cdn. $900,000 (each as described and defined in the Pre-Petition Credit Agreement) in an aggregate outstanding principal amount of not less than US $50,065,515.23[5], plus interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto, each in accordance with the terms of the Pre-Petition Credit Agreement (collectively, the "Pre-Petition Obligations", as such term is further defined in the DIP Credit Agreement). The Pre-Petition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of the Loan Parties, and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law; the Loan Parties do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Interim Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Pre-Petition Obligations or liens and security interest securing the same described in clause (E)(iii) below. Pre-Petition Collateral. As of the Petition Date, the Pre-Petition Obligations were fully secured pursuant to the Pre-Petition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens granted by the Loan Parties to Pre-Petition Lender under the Pre-Petition Loan Documents, upon all of the Pre-Petition Collateral (as defined in the DIP Credit Agreement and hereinafter referred to as the "Pre-Petition Collateral"), subject only to the liens specifically permitted under Section 9.2(b) of the Pre-Petition Credit Agreement to the extent that such security interests, liens or encumbrances are (1) valid, perfected,

[5] Reflects conversion of Canadian dollar amounts to US dollar amounts calculated as of April 20, 2023.

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	and unavoidable senior priority liens and security interests existing as of the Petition Date securing valid, binding and unavoidable debt permitted under the Pre-Petition Loan Documents, and (2) senior to and have not been and are not subject to being subordinated to Pre-Petition Lender's liens on and security interests in the Pre-Petition Collateral under the Pre-Petition Loan Documents or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding (hereinafter referred to as the "Permitted Liens"). None of the Loan Parties possess or will assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of Pre-Petition Lender's liens, claims or security interests in the Pre-Petition Collateral. Subject to the rights of the DIP Lender, the Pre-Petition Lender has the right to "credit bid" the amount of its claims that are Pre-Petition Obligations arising under the terms of the Pre-Petition Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code. Proof of Claim. The acknowledgment by the Loan Parties of the Pre-Petition Obligations and the liens, rights, priorities and protections granted to or in favor of Pre-Petition Lender in respect of the Pre-Petition Collateral as set forth herein and in the Pre-Petition Loan Documents shall be deemed a timely filed proof of claim on behalf of Pre-Petition Lender in each of these Chapter 11 Cases. *See See* Interim Order ¶¶ F. and 4.1.
Waiver/Modification of the Automatic Stay *Fed. R. Bankr. P. 4001(c)(1)(B)(iv)*	The automatic stay will be modified to the extent necessary for the DIP Lenders to perfect the DIP Liens and, upon four (4) business days' notice to the Debtors, the Committee, and the U.S. Trustee as set forth in the Interim Order, for the exercise of remedies upon the occurrence of an Event of Default. *See* Interim Order ¶ 3.4.
Milestones *Fed. R. Bankr. P. 4001(c)(1)(B)(vi);* *Local Rule 4001-2(i)(a)(H)*	The Borrowers will comply with certain milestones to be agreed for purposes of consummating one or more sales pursuant to Section 363 of the Bankruptcy Code (the "Sale Transaction"). The milestones , unless otherwise agreed to by the DIP Lender, consist of the following: (a) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Interim U.S. DIP Order on or prior to one (1) Banking Day after the Petition Date, and in any case on or prior to two (2) Banking Days after the Petition Date, the U.S. Court shall have entered the Interim U.S. DIP Order; (b) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue the Initial Order on or prior to two (2) Banking Days after the date the U.S. Court enters the Interim U.S. DIP Order, and in any case on or prior to three (3) Banking Days after the date the U.S. Court enters the

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	Interim U.S. DIP Order, the Canadian Court shall have issued the Initial Order; (c) on or prior to one (1) Banking Day after the Petition Date, the Obligors shall have filed with the U.S. Court a motion seeking entry of the Sale Procedures Order and the Sale Order; (d) on or prior to April 28, 2023, the Obligors shall have filed with the Canadian Court a motion seeking an order recognizing the Sale Procedures Order and Sale Order. (e) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Sale Procedures Order by April 28, 2023, and in any case on or prior to the first Banking Day that is ten (10) calendar days after the Petition Date, the U.S. Court shall have entered the Sale Procedures Order; (f) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue an order recognizing the Sale Procedures Order by May 8, 2023, and in any case on or prior to May 12, 2023, the Canadian Court shall have issued an order recognizing the Sale Procedures Order; (g) subject only to availability of the U.S. Court, on or prior to twenty-one (21) days after the date the U.S. Court enters the Interim U.S. DIP Order, the U.S. Court shall have entered the Final U.S. DIP Order (if the U.S. Court does not have the requisite availability, this Milestone is to be discharged on the U.S. Court's next available date); (h) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Sale Order on or prior to May 24, 2023 and in any case on or prior to the first Banking Day that is 35 calendar days after the Petition Date the U.S. Court shall have entered the Sale Order; (i) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue an order recognizing the Sale Order on or prior to May 29, 2023 and in any case prior to May 31, 2023, the Canadian Court shall have issued an order recognizing the Sale Order; and (j) by the later of June 1, 2023, and the date that is 45 calendar days after the Petition Date, the final APA Closing shall have occurred and the Credit Facility Indebtedness shall have been paid in full in cash. *See* DIP Credit Agreement § 1.1 (Definitions, "Milestones").
Indemnification *Fed. R. Bankr. P. 4001(c)(1)(B)(ix)*	Customary for similar debtor in possession financing and consistent with the DIP Facility. *See* DIP Credit Agreement § 12.2.

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506(c) Waiver / Section 552(b) Wavier *Fed. R. Bankr. P. 4001(c)(l)(B)(x)* *Local Rule 4001-2(a)(i)(C)*	Subject to entry of the Final Order, the Pre-Petition Collateral and the DIP Collateral shall not be surcharged pursuant to section 506(c) of the Bankruptcy Code or otherwise. Subject to entry of the Final Order granting such relief, in no event shall the DIP Lender or the Pre-Petition Lender be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to the Pre-Petition Collateral or the DIP Collateral. The DIP Lender shall each be entitled to all of the rights and benefits of Section 552(b) of the Bankruptcy Code, and, subject to entry of the Final Order, the "equities of the case" exception under Section 552(b) of the Bankruptcy Code shall not apply to the Pre-Petition Lender with respect to proceeds, products, offspring or profits of any of the Collateral, as applicable. *See* Interim Order ¶¶ 4.2. 5.9.
Liens on Avoidance Actions *Fed. R. Bankr. P. 4001(c)(1)(B)(xi)*	Prior to the entry of the Final Order, the DIP Collateral shall not include any property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to Sections 542, 544, 545, 547, 548, 549, 550, 551, 553(b) or 724(a) of the Bankruptcy Code ("Avoidance Actions" and the proceeds thereof, the "Avoidance Proceeds") (collectively the "Excluded Collateral"), but shall include Avoidance Proceeds upon entry of the Final Order. *See* Interim Order ¶ 2.1.
Fees Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(ii)	**Work Fee.** On the Effective Date of the DIP Facility, the Borrowers shall pay to the Lender a work fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 3% of the maximum authorized principal amount of the Credit Facility on the Effective Date. **Standby Fee.** The Borrowers shall pay to the Lender a standby fee in Canadian Dollars in respect of the Credit Facility calculated at 2.8% per annum on the amount, if any, by which the amount of the Outstanding Principal under the Credit Facility for each day in the period of determination is less than the maximum amount for each such day of the Credit Facility (taking into account the actual amount of the Credit Facility that is actually authorized to be borrowed on such date). Fees determined in accordance with this Section 5.5 shall accrue daily from and after the Effective Date and be payable by the Borrowers monthly in arrears, on cancellation in full of the Credit Facility and on the Maturity Date. **Exit Fee.** The Borrowers shall pay to the Lender an exit fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 1% of the maximum authorized principal amount of the Credit Facility on the Effective Date (the "Exit Fee"), such Exit Fee to be payable in full on the Maturity Date. *See* DIP Credit Agreement §§ 3.1, 5.5, 5.6.
Cross-Collateralization *Local Rule 4001-2(a)(i)(N)*	As noted above (and discussed *infra*) the Interim Order provides for a limited Roll-up Amount of Cdn. $3,900,000. *See* Interim Order ¶ 1.5.

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Provisions Governing Joint Liability *Local Rule 4001-2(a)(i)(J)*	The Guarantors, including the Borrowers, are authorized and directed to jointly and severally guarantee, and upon entry of the Interim Order shall be deemed to have guaranteed, in full, all of the DIP Obligations of the Borrowers under the DIP Credit Agreement. *See, e.g.*, Interim Order ¶ 1.2.

ADDITIONAL BACKGROUND

I. Debtors' Prepetition Capital Structure

15. On or about December 21, 2017, SMTC, as borrower, and SLP, as guarantor, entered into a letter agreement (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Prepetition Credit Agreement") with Bank of Montreal, as lender (in such capacity, the "Prepetition Lender"). On December 3, 2019, SMTU was added as a borrower under the Prepetition Credit Agreement. Natural has also been added as a guarantor the obligations under the Prepetition Credit Agreement.

16. At the date it was originally entered into, the Prepetition Credit Agreement established certain credit facilities, including: a committed revolving credit facility in the maximum principal amount of $6,500,000 (CAD); a non-revolving term credit facility in the maximum principal amount of $21,333,317 (CAD); a revolving letter of credit facility in the maximum principal amount of $2,000,000 (CAD); and a committed, reducing, non revolving term credit facility in the maximum principal amount of $40,500,000.000 (USD).

17. The facilities available under the Prepetition Credit Agreement were amended over time, including most recently pursuant to that certain eighth amendment to the Prepetition Credit Agreement, dated as of April 21, 2023, which was executed prior to the filing of these Chapter 11 Cases and, among other things, provided the Company much needed access to $900,000 (CAD) in additional funds under the committed revolving credit facility. As a result, as of the Petition Date,

the Company's secured debt liabilities total approximately $20.5 million (CAD) and $34.9 million (USD) in principal amount, and include the following facilities under the Prepetition Credit Agreement (collectively, the "Prepetition Credit Facilities"):

Facility	Maturity	Interest Rate	Approx. Principal Amount Outstanding
Committed Revolving Credit Facility	May 2025	Adjustable, currently approximately 10.2%	$3.9 million (CAD)
Non-Revolving Term Credit Facility	May 2025	Adjustable, currently approximately 10.2%	$16.2 million (CAD)
Revolving Letter of Credit Facility	May 2025	Adjustable fees, currently approximately 12.2% in respect of CAD Letters of Credit and approximately 13.5% in respect of USD Letters of Credit	$0.413 million (CAD)
Committed, Reducing, Non-Revolving Term Credit Facility	May 2025	Adjustable, currently approximately 11.5%	$34.9 million (USD)

18. The Debtors' obligations under the Prepetition Credit Facilities are secured by substantially all of the Debtors assets in accordance with the following security and guarantee documents: (a) that certain Unlimited Guarantee in favor of the Prepetition Lender from each of SMTC, SMTU, and Natural; (b) those two certain Limited Recourse Guarantees in an unlimited amount in favor of the Prepetition Lender from SLP; (c) that certain Limited Guarantee up to the

amount of $13,500,000 (USD) in favor of the Prepetition Lender from SMTU's largest customer; (d) that certain General Security Agreement providing a first-ranking security interest over all present and after-acquired personal property and a floating charge on all land from SMTC; (e) that certain General Security Agreement providing a first-ranking security interest over all present and after-acquired personal property and a floating charge on all land from SMTU; (f) that certain General Security Agreement providing a first-ranking security interest over all present and after-acquired personal property and a floating charge on all land from Natural; (g) that certain Collateral Mortgage in favor of the Prepetition Lender from SMTU for the US Facility lands; (h) that certain Securities Pledge Agreement in favor of the Prepetition Lender in the shares of SMTU by SLP; (i) a bond pledge and security agreement from Natural to the Prepetition Lender dated as of December 27, 2019; (j) a leasehold mortgage and security agreement dated as of December 27, 2019 and filed of record in Faulkner County, Arkansas as Instrument No. L201919704 on December 27, 2019 by and between SMTU, as borrower, and the Prepetition Lender, as lender; (k) a construction mortgage, security agreement, fixture filing, and assignment of rents and leases dated as of December 27, 2019 and filed of record in Faulkner County, Arkansas as Instrument No. L201919701 on December 27, 2019 by and between SMTU, as mortgagor, and the Prepetition Lender, as mortgagee; and (l) a collateral assignment of option rights entered into as of December 27, 2019 and filed of record in Faulkner County, Arkansas as Instrument No. L201919705 on December 27, 2019 by SMTU, as borrower, in favor of the Prepetition Lender, as lender.

II. Debtors' Need for Postpetition Financing

19. In the months preceding the Petition Date, the Debtors have faced significant operational and liquidity challenges. As set forth in detail in the First Day Declaration, these challenges related largely to the supply agreement with SMTU's only customer for the Debtors'

U.S. manufacturing facility (the "US Facility"). On or about January 11, 2023, the Company received notice of the termination of this supply agreement with its only customer at the US Facility. As a result, in January 2023, the Debtors were forced to cease operations at the US Facility and terminate a majority of their employees at that location.

20. Following these events, the Company, in coordination with and with the support of the Prepetition Lender and the Company's advisors, conducted a robust prepetition marketing process that culminated in the selection of a stalking horse bid from Mercer International Inc. (the "Stalking Horse Bidder") for the purchase of substantially all of the Debtors' assets, all as described in further detail below. The Debtors enter chapter 11 with the support of the Prepetition Lender and the Stalking Horse Bidder to effectuate the sale, subject to higher and better offers, to preserve the value of the Debtors' business for the benefit of all stakeholders.

III. Debtors' Efforts to Obtain Postpetition Financing

21. In order to obtain access to essential liquidity to support the Debtors' postpetition operations and the proposed sale process, the Debtors, through their proposed investment banker, of Miller Buckfire & Co. LLC and Stifel, Nicolaus & Co., Inc. (collectively, "Miller Buckfire"), solicited financing options on behalf of the Company (the "Financing Process"). Eighteen prospective investors were solicited regarding a debtor-in-possession facility to support an in-court restructuring process, if necessary. Seven of these parties executed non-disclosure agreements with two others proceeding under existing non-disclosure agreements, including the Prepetition Lender.

22. Despite the number of interested financing parties that executed a non-disclosure agreement, on or around April 7, 2023, ultimately only three parties submitted DIP financing proposals to the Debtors. On or around April 11, 2023, the Debtors and the Prepetition Lender began materially advancing negotiations regarding the terms, restrictions, fees, and other

provisions of the Prepetition Lender's DIP financing proposal. The Debtors continued this negotiation process with the Prepetition Lender concurrently with the negotiations with other interested parties. As a result of these efforts and the negotiations with the Prepetition Lender and other interested parties, the Debtors determined in their business judgment that there was no proposal for debtor-in-possession financing available to the Debtors on terms better than those provided by the Prepetition Lender, especially after taking into account certain concessions provided by the Prepetition Lender during the course of negotiations. In particular, no party was willing to extend debtor-in-possession financing to the Debtors on an unsecured or junior basis. Accordingly, on April 21, 2023, the Debtors and the DIP Lender entered into DIP Credit Agreement, which is attached to the Interim Order as Exhibit 1.

BASIS FOR RELIEF REQUESTED

1. Debtors Should Be Authorized to Enter Into DIP Credit Agreement

A. Entering Into DIP Facility Is a Sound Exercise of Debtors' Business Judgment

23. Section 364 of the Bankruptcy Code authorizes a debtor to obtain secured or superpriority financing under certain circumstances discussed in detail below. Courts grant a debtor-in-possession considerable deference in acting in accordance with its business judgment in obtaining postpetition secured credit, so long as the agreement to obtain such credit does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code. Indeed, "courts will almost always defer to the business judgment of a debtor in the selection of the lender." *In re L.A. Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011). *See also In re Barbara K. Enters., Inc.*, No. 08-11474, 2008 WL 2439649, at *14 (Bankr. S.D.N.Y. Jun. 16, 2008) (explaining that courts defer to a debtor's business judgment "so long as a request for financing does not 'leverage the bankruptcy process' and unfairly cede control of the reorganization to one party in interest"); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("[C]ases consistently reflect

that the court's discretion under section 364 [of the Bankruptcy Code] is to be utilized on grounds that permit [a debtor's] reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest.").

24. Specifically, to determine whether the business judgment standard is met, a court need only "examine whether a reasonable business person would make a similar decision under similar circumstances." *In re Exide Techs.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006); *see also In re Curlew Valley Assocs.*, 14 B.R. 506, 513–14 (Bankr. D. Utah 1981) (noting that courts should not second guess a debtor's business decision when that decision involves "a business judgment made in good faith, upon a reasonable basis, and within the scope of [the debtor's] authority under the [Bankruptcy] Code"). Furthermore, in considering whether the terms of postpetition financing are fair and reasonable, courts consider the terms in light of the relative circumstances of both the debtor and the potential lender. This includes the recognition that a debtor may have to enter into "hard bargains" to acquire funds for its reorganization. *In re Elingsen McLean Oil Co., Inc.)*, 65 B.R. 358, 365 n.7 (W.D. Mich. 1986). Finally, the Court may also appropriately take into consideration non-economic benefits to the Debtors offered by a proposed postpetition facility. As the Bankruptcy Court for the Southern District of New York has explained:

> Although all parties . . . are naturally motivated to obtain financing on the best possible terms, a business decision to obtain credit from a particular lender is almost never based purely on economic terms. Relevant features of the financing must be evaluated, including noneconomic elements such as the timing and certainty of closing, the impact on creditor constituencies and the likelihood of a successful reorganization. This is particularly true in a bankruptcy setting where cooperation and established allegiances with creditor groups can be a vital part of building support for a restructuring that ultimately may lead to a confirmable reorganization plan. That which helps foster consensus may be preferable to a notionally better transaction that carries the risk of promoting unwanted conflict.

In re ION Media Networks, Inc., No. 09-13125, 2009 WL 2902568, at *4 (Bankr. S.D.N.Y. Jul. 6, 2009).

25. The Debtors' determination to move forward with the DIP Facility is an exercise of their sound business judgment following an extensive arm's-length negotiation process and careful evaluation of available alternatives. Having analyzed the advantages and disadvantages of the proposed DIP Facility, as well as the advantages and disadvantage of other potential financing sources, the Debtors believe that they have obtained the best financing available under the totality of the circumstances and that the proposed DIP Facility will position the Debtors to maximize the value of their estates. Accordingly, the Court should authorize the Debtors' entry into the DIP Facility.

B. The Debtors Should Be Authorized to Grant Liens, Including Priming Liens, and Superpriority Claims

26. The Debtors propose to obtain the DIP Facility by providing security interests and liens as set forth in the DIP Documents pursuant to section 364(c) and 364(d)(1) of the Bankruptcy Code. Specifically, the Debtors propose to provide to the DIP Lender continuing, valid, binding, enforceable, non-avoidable, and automatically and properly perfected postpetition security interests in and liens on the DIP Collateral. The Debtors also seek authority to grant the DIP Lender super priority claims.

27. Section 364(c) of the Bankruptcy Code requires a finding, made after notice and a hearing, that a debtor seeking postpetition financing on a secured basis cannot "obtain unsecured credit allowable under section 503(b)(1) of [the Bankruptcy Code] as an administrative expense." 11 U.S.C. § 364(c).

28. In addition, under section 364(d)(1) of the Bankruptcy Code, courts may, after notice and a hearing, authorize a debtor to obtain postpetition credit secured by a "priming" lien

from affected secured parties if (a) the debtor obtains the consent of such parties or (b) the debtor cannot obtain credit elsewhere and the interests of existing lienholders are adequately protected. 11 U.S.C. § 364(d)(1). Specifically, section 364(d)(1) provides, in relevant part, that a court may, after notice and a hearing:

> authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if-
>
> (A) the [debtor] is unable to obtain credit otherwise; and
>
> (B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.

11 U.S.C. § 364(d)(1).

29. In evaluating proposed postpetition financing under sections 364(c) and 364(d)(1) of the Bankruptcy Code, courts perform a qualitative analysis and generally consider various factors including whether:

a. unencumbered credit or alternative financing without superpriority status is available to the debtor;

b. the credit transactions are necessary to preserve assets of the estate;

c. the terms of the credit agreement are fair, reasonable, and adequate;

d. the proposed financing agreement was negotiated in good faith and at arm's length and entry thereto is an exercise of sound and reasonable business judgment and in the best interest of the debtors' estate and their creditors; and

e. the proposed financing agreement adequately protects prepetition secured creditors.

See, e.g., *In re Aqua Assoc.*, 123 B.R. 192 (Bankr. E.D. Pa. 1991) (applying the first three factors in making a determination under section 364(c)); *In re Crouse Group, Inc.*, 71 B.R. 544 (Bankr.

E.D. Pa. 1987) (same); *Bland v. Farmworker Creditors*, 308 B.R. 109, 113-14 (S.D. Ga. 2003) (applying all factors in making a determination under section 364(d))

30. The Debtors do not believe that alternative sources of financing are reasonably available. The Debtors have been operating under significant liquidity and operational constraints over the last several months, and no lender was willing to extend credit to the Debtors on an unsecured basis. *See* DIP Decl., ¶ 11. And, as noted above and described in the DIP Declaration, the Debtors believe that the proposed DIP Facility is superior to the other proposals they received and is critical to preserving the Debtors' enterprise value and positioning the Debtors to run a value-maximizing sale process. Thus, the Debtors have determined that the DIP Facility provides the best opportunity available to the Debtors under the circumstances to fund these Chapter 11 Cases.

31. Absent the proposed DIP Facility, which will provide the Debtors with access to liquidity to administer the Chapter 11 Cases, the value of the Debtors' estates would be significantly impaired to the detriment of all stakeholders. Without postpetition financing, the Debtors lack sufficient funds to continue operations, pay their debts as they come due, and cover the projected costs of the Chapter 11 Cases. *See* First Day Decl. ¶ 9. Under the circumstances, the Debtors believe that the terms of the proposed DIP Facility, taken as a whole, are fair and reasonable. *See* DIP Decl. ¶ 22. For these reasons, the Debtors submit that they have met the standard for obtaining postpetition financing.

32. For the reasons discussed herein, including the terms of the proposed DIP Facility as well as the unavailability of actionable alternative sources of financing, the Debtors satisfy the standards required to access postpetition financing on a superpriority claim and priming lien basis under sections 364(c) and 364(d) of the Bankruptcy Code.

C. The Debtors Should Be Authorized to Pay DIP Fees

33. Under the DIP Documents, the Debtors have agreed, subject to Court approval, to pay the DIP Lender certain fees as noted above and set forth in the DIP Credit Agreement. It is understood and agreed by all parties, including the Debtors, that this compensation is an integral component of the overall terms of the DIP Facility, and was required by the DIP Lender as consideration for the extension of postpetition financing.

34. The Debtors believe the DIP Lender agreed to provide the DIP Loans with the specific intent to both fully fund the Debtors' reorganization while simultaneously keeping the postpetition financing narrowly tailored to meet the Debtors' restructuring needs. The DIP Lender and the Debtors, along with their advisors, extensively negotiated the terms of the proposed DIP Facility. Such negotiations included numerous drafts of key documents, including the proposed Interim Order and the DIP Credit Agreement, and various discussions both amongst the Debtors, the DIP Lender, and their respective advisors. After the weeks'-long negotiations, the Debtors believe that the terms of the proposed DIP Facility, including the fees and conditions contained therein, represent the best available terms for the Debtors. *See* DIP Decl. ¶ 19. Accordingly, the Court should authorize the Debtors to incur such obligations under the DIP Documents in connection with entering into those agreements.

2. The Debtors Should Be Authorized to Use Cash Collateral and Provide Adequate Protection

35. Section 363 of the Bankruptcy Code generally governs the use of estate property. Section 363(c)(2) conditions use of Cash Collateral upon (a) obtaining consent of each party that has an interest in the Cash Collateral; or (b) "the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." Further, the use of cash

collateral may be prohibited or conditioned, upon proper request, as is necessary to adequately protect any interest in cash collateral. *See* 11 U.S.C. §363(e).

36. Here, the Prepetition Lender consents to the Debtors' use of the Cash Collateral (as well as the Prepetition Collateral), subject to the terms and limitations set forth in the DIP Credit Agreement and the Interim Order. As explained more fully herein, the Debtors have provided the Prepetition Lender with fair and reasonable adequate protection, as set forth in the Interim Order. Accordingly, the Court should authorize the Debtors' use of Cash Collateral in accordance with the terms and conditions set forth in the DIP Credit Agreement and the Interim Order.

37. Section 363(e) of the Bankruptcy Code provides that, "on request of an entity that has an interest in property used . . . or proposed to be used by a debtor in possession, the court . . . shall prohibit or condition such use . . . as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e). If a secured creditor does not consent to the debtor's proposed use of cash collateral, the court must ensure that the creditor's interests are adequately protected. *See id.* Thus, courts are required to balance the protection offered to a secured creditor against the debtor's need to use cash in its reorganization effort. *Stein v. U.S. Farmers Home Admin. (In re Stein)*, 19 B.R. 458, 459 (Bankr. E.D. Pa. 1982). In determining whether a creditor is adequately protected, courts "will generally permit the business operation to continue, at least to the point of plan formulation, if the debtors make a solid evidentiary showing to support their projections." *In re Dynaco Corp.*, 162 B.R. 389, 395 (Bankr. D.N.H. 1993).

38. "The concept of 'adequate protection' is not defined in the [Bankruptcy] Code except by the implications of the examples of adequate protection listed in § 361." *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986). Section 361 of the Bankruptcy Code contains a non-exhaustive list of acceptable forms of adequate protection, including a cash

payment or periodic cash payments, additional liens, replacement liens, and the "indubitable equivalent of such entity's interest in such property." 11 U.S.C. § 361. While section 361 of the Bankruptcy Code provides examples of forms of adequate protection, such as granting replacement liens and administrative claims, courts decide what constitutes sufficient adequate protection on a case-by-case basis. *In re Swedeland Dev. Grp., Inc.*, 16 F.3d 552, 564 (3d Cir. 1994).

39. The concept of adequate protection exists to protect a secured creditor from diminution in value of its interest in collateral during the pendency of the bankruptcy case. *See In re Carbone Cos.*, 395 B.R. 631, 635 (Bankr. N.D. Ohio 2008) ("The test is whether the secured party's interest is protected from diminution or decrease as a result of the proposed use of cash collateral); s*ee also In re Cont'l Airlines, Inc.*, 154 B.R. 176, 180,81 (Bankr. D. Del. 1993) (holding that adequate protection for use of cash collateral under section 363 is limited to use-based decline in value).

40. After arms' length and good faith negotiations, the Prepetition Lender has agreed to consent to the use of the Pre-Petition Collateral (as defined in the Interim Order), including Cash Collateral, subject to the provision by the Debtors of adequate protection. Among other things, the adequate protection contemplated by the DIP Orders is designed to protect the Prepetition Lender's interests in the Debtors' property from any diminution in value caused by the automatic stay, by the Debtors' use of the Cash Collateral, during the pendency of these Chapter 11 Cases and by the priming of the Prepetition Lender's liens by the DIP Liens. Specifically, the Debtors have agreed to provide the following forms of adequate protection (collectively, the "Adequate Protection Obligations"):

a) valid and automatically perfected replacement liens and security interests in and upon the DIP Collateral;

b) superpriority administrative claims under section 507(b) of the Bankruptcy Code;

c) the payment of the professional fees and expenses of the Prepetition Lender; and

d) the payment of cash interest at the non-default rate as and when due under the Prepetition Credit Agreement.

41. Therefore, the Debtors submit that the proposed Adequate Protection Obligations are sufficient to protect the Prepetition Lender from any diminution in value to the Cash Collateral and Prepetition Collateral. *See In re Satcon Tech. Corp.*, No. 12-12869 (KG), 2012 WL 6091160, at *6, *7 (Bankr. D. Del. Dec. 7, 2012) (finding that "(i) interest payments at the applicable default rate, (ii) payment of the Secured Lenders' legal fees and expenses incurred in these chapter 11 cases and (iii) replacement liens on the collateral" to be appropriate forms of adequate protection that "protect a secured creditor from diminution in the value of its interest in the particular collateral during the period of use by the debtor."); COLLIER ON BANKR. ¶ 361.01 (16th ed. 2020) ("Section 361 of the Code suggests three forms of adequate protection, but the list is not inclusive: (1) periodic payments; (2) additional or replacement liens; and (3) such other relief as will result in the realization of the 'indubitable equivalent' of the entity's interest.").

42. In light of the foregoing, the Debtors further submit that the proposed Adequate Protection Obligations to be provided for the benefit of the Prepetition Lender are appropriate. Thus, the Debtors' provision of the Adequate Protection Obligations is not only necessary to protect against any diminution in value but is fair and appropriate under the circumstances of these Chapter 11 Cases to ensure the Debtors are able to continue using the Cash Collateral, subject to the terms and limitations set forth in the Interim Order, for the benefit of their estates and all parties in interest.

3. The Proposed Repayment of Prepetition Indebtedness Should Be Approved

43. Section 363(b) of the Bankruptcy Code permits a debtor to use, sell, or lease property, other than in the ordinary course of business, with court approval. It is well settled in the Third Circuit that such transactions should be approved when they are supported by a sound business purpose. *See In re Abbots Dairies, Inc.*, 788 F.2d 143 (3d Cir. 1986) (holding that in the Third Circuit, a debtor's use of assets outside the ordinary course of business under section 363(b) should be approved if the debtor can demonstrate a sound business justification for the proposed transaction). The business judgment rule shields a debtor's management from judicial second-guessing. *In re Johns-Manville Corp.*, 60 B.R. 612, 615¶16 (Bankr. S.D.N.Y. 1986) ("[T]he [Bankruptcy] Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor's management decisions.").

44. Repayment of prepetition debt (often referred to as a "roll-up") is a common feature in debtor-in-possession financing arrangements. Courts in this jurisdiction have approved similar DIP features on the first day of the case. *See, e.g.*, *In re MACH Gen, LLC*, No. 14-10461 (MFW) (Bankr. D. Del. Mar. 5, 2014) (authorizing approximately $200 million DIP that included roll-up of approximately $144 million prepetition debt pursuant to interim order); *In re Furniture Brands Int'l, Inc.*, No. 13-12329 (CSS) (Bankr. D. Del. Sept. 11, 2013) (authorizing approximately $140 million DIP that included roll-up of approximately $91 million prepetition debt pursuant to interim order); *In re Appleseed's Intermediate Holdings LLC*, No. 11-10160 (KG) (Bankr. D. Del. Jan. 20, 2011) (authorizing approximately $140 million DIP that included roll-up of approximately $48.6 million prepetition debt pursuant to interim order); *In re Dayton Superior Corp.*, No. 09¬11351 (BLS) (Bankr. D. Del. Apr. 21, 2009) (authorizing approximately $165

million DIP that included roll-up of approximately $110 million prepetition debt pursuant to interim order).[6]

45. Moreover, repayment of prepetition debt is a common feature in debtor in possession financing arrangements. Courts in this jurisdiction have approved similar DIP features. *See, e.g.*, *In re ATD Corporation*, No. 18-12221 (KJC) (Bankr. D. Del. Oct. 26, 2018) (authorizing an approximately $1,230 million DIP, including a full roll-up of the prepetition ABL outstanding principal of $639 million and an additional $250 million in additional liquidity, pursuant to interim order); *In re Remington Outdoor Co., Inc.*, No. 18-10684 (BLS) (Bankr. D. Del. Mar. 28, 2018) (authorizing approximately $338 million DIP and a roll-up of approximately $150 million, including a full ABL roll-up of $114 million, pursuant to interim order); *In re Bon-Ton Stores, Inc.*, No. 18-10248 (MFW) (Bankr. D. Del. Feb. 6, 2018) (authorizing full roll-up of all $489 million outstanding prepetition revolving obligations pursuant to interim order); *In re Real Indus. Inc.*, No. 17-12464 (KJC) (Bankr. D. Del. Nov. 20, 2017) (authorizing approximately $365 million DIP that included a creeping roll-up pursuant to interim order and a full roll-up pursuant to final order of approximately $266 million prepetition debt); *In re Charming Charlie, LLC*, No. 17-12906 (CSS) (Bankr. D. Del. Dec. 12, 2017) (authorizing approximately $90 million DIP that included a full ABL roll-up of approximately $22 million prepetition debt pursuant to interim order).

46. As set forth above, the Interim Order provides that, Cash Collateral and proceeds of Collateral in excess of the aggregate receipts forecast in the initial DIP Budget (attached to the Interim Order as Exhibit 2) shall be applied, first, to repayment of the Pre-Petition Obligations up

[6] Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

to the Roll-Up Amount of Cdn. $3,900,000, and, second, to the DIP Indebtedness until paid in full, in accordance with the DIP Credit Agreement. The Roll-Up Amount would only be paid to the Prepetition Lender as and when and only to the extent that the aggregate amount of receipts and deposits to the Debtors' bank accounts during the period from the effective date of the DIP Credit Agreement to the Maturity Date (as defined in the DIP Credit Agreement) exceeds the amounts set forth in the initial DIP Budget. *See* DIP Credit Agmt., § 2.10. If, at that time, there are such excess receipts, then they would be paid first to the Prepetition Lender up to the Roll-Up Amount on account of the Pre-Petition Obligations and second to the DIP Lender under the DIP Facility.

47. Agreeing to this limited Roll-up Amount is a sound exercise of the Debtors' business judgment and is a material component of the structure of the DIP Facility which was required by the DIP Lender as a condition to their commitment to provide postpetition financing. *See* DIP Decl., ¶ 18. Without access to the DIP Facility to fund the administration of these Chapter 11 Cases and the orderly sale and wind down of the Debtors' business, the Debtors' business would cease and they would likely be forced to liquidate—a value destructive alternative for all stakeholders. *See* First Day Decl., ¶ 9–10. Further, the Roll-Up Amount is only to be paid in the event that the Debtors' aggregate receipts during the term of the DIP Facility exceed amounts budgeted, thereby ensuring that the Debtor's operations during the Chapter 11 Cases pursuant to the DIP Budget will not be negatively impacted.

48. The simple economic reality is that a restructuring of the Debtors' businesses comes at a price, which in this case the Debtors believe to be reasonable. *See id.* The Prepetition Lender is unlikely to continue to lend postpetition without some assurance regarding their prepetition claims. Absent the prepetition lenders' support, the early days of the Debtors' Chapter 11 Cases could devolve into a costly, value-destructive priming fight. In contrast, the limited roll-up merely

affects the timing, not the amount or certainty, of the Prepetition Lender's recovery—the secured claims arising under the Prepetition Credit Agreement are required by section 1129 of the Bankruptcy Code to be satisfied in full before recoveries to junior creditors may be provided, absent consent of such secured parties (which consent the Debtors do not presently have).

49. Given these circumstances, repayment of the limited Roll-Up Amount is reasonable, appropriate, and a sound exercise of the Debtors' business judgment.

4. Scope of Carve Out and the Funded Reserve Account Are Appropriate

50. The Interim Order provides that each of the DIP Liens, DIP Loan Superpriority Claim, Replacement Lien, Pre-Petition Liens, and Superpriority Claim (all as defined in the Interim Order) shall be subject and subordinate to the Carve-Out. Without the Carve-Out, the Debtors and other parties in interest may be deprived of certain rights and powers because the services for which professionals may be compensated in these Chapter 11 Cases would be restricted. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (observing that courts insist on carve-outs for professionals representing parties in interest because "[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced"). The Carve-Out does not directly or indirectly deprive the Debtors' estates or other parties in interest of possible rights and powers. Additionally, the Carve-Out protects against administrative insolvency during the course of these Chapter 11 Cases by ensuring that assets remain for the payment of amounts to the Clerk of the Court or U.S. Trustee fees, and professional fees of the Debtors.

51. In addition, the Interim Order provides that the Debtors shall establish and fund a segregated account (the "Funded Reserve Account") for purpose of funding the Carve-Out and for holding funds for the allowed fees and expenses of professionals retained in the Chapter 11 Cases. The Funded Reserve Account will remain DIP Collateral and will be funded first, from identifiable

proceeds of any DIP Collateral, and, solely to the extent that the amount of the identifiable proceeds of any DIP Collateral is insufficient to fund the Funded Reserve Account, the proceeds of the DIP Loans. The Funded Reserve Account will be funded for each month based upon the estimated amount of professional fees and expenses provided in the DIP Budget and will then be reconciled based upon the actual amount of professional fees and expenses incurred for such month, all as set forth in the Interim Order. As with the Carve-Out, the Funded Reserve Account is necessary to preserve the value of the Debtors' estates and to ensure against administrative insolvency at any point during the course of the Chapter 11 Cases. Accordingly, the Debtors submit that the Carve-Out and the Funded Reserve Account, each as set forth in the Interim Order, are appropriate and should be approved.

5. The DIP Lender Should Be Deemed a Good-Faith Lender under Bankruptcy Code Section 364(e)

52. Section 364(e) of the Bankruptcy Code protects a good-faith lender's right to collect on loans extended to a debtor, and its right in any lien securing those loans, even if the authority of the debtor to obtain such loans or grant such liens is later reversed or modified on appeal. Specifically, section 364(e) of the Bankruptcy Code provides that:

> The reversal or modification on appeal of an authorization under this section [364 of the Bankruptcy Code] to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

53. As explained herein and in the First Day Declaration and DIP Declaration, the terms of the DIP Facility are the result of (a) the Debtors' reasonable and informed determination that the DIP Lender offered the most favorable terms on which to obtain vital postpetition financing, and (b) extensive arms'-length, good-faith negotiations between the Debtors and the DIP Lender.

The Debtors submit that the terms and conditions of the DIP Facility are reasonable and appropriate under the circumstances, and the proceeds of the DIP Facility will be used only for purposes that are permissible under the Bankruptcy Code. Further, no consideration is being provided to the DIP Lender other than as described herein. Accordingly, the Court should find that the DIP Lender is a "good faith" lender within the meaning of section 364(e) of the Bankruptcy Code and is entitled to all of the protections afforded by that section.

6. The Automatic Stay Should Modified on a Limited Basis

54. The Interim Order provides that the automatic stay provisions of section 362 of the Bankruptcy Code will be modified to allow the DIP Lender to file any financing statements, security agreements, notices of liens, and other similar instruments and documents in order to validate and perfect the liens and security interests granted to them under the Interim Order. The Interim Order further provides that the automatic stay is modified as necessary to permit the Debtors to grant the DIP Liens to the DIP Lender and to incur all liabilities and obligations set forth in the Interim Order. Finally, the proposed Interim Order provides that, following the occurrence of an Event of Default, the automatic stay shall be vacated and modified to the extent necessary to permit the DIP Lender to exercise all rights and remedies in accordance with the DIP Documents, or applicable law following four business days' notice to the Debtors, the Committee, and the U.S. Trustee, during which time the Debtors may seek injunctive relief.

55. Stay modifications of this kind are ordinary and standard features of debtor-in-possession financing arrangements, and, in the Debtors' business judgment, are reasonable and fair under the circumstances of these Chapter 11 Cases. *See, e.g.*, *In re Magnum Hunter Res. Corp.*, No. 15-12533 (KG) (Bankr. D. Del. Dec. 15, 2015) (terminating automatic stay after event of default); *In re Peak Broad., LLC*, No. 12-10183 (PJW) (Bankr. D. Del. Feb. 2, 2012) (terminating automatic stay after occurrence of termination event); *In re TMP Directional Mktg.*,

LLC, No. 11-13835 (MFW) (Bankr. D. Del. Jan. 17, 2012) (modifying automatic stay as necessary to effectuate the terms of the order); *In re Broadway 401 LLC*, No. 10-10070 (KJC) (Bankr. D. Del. Feb. 16, 2010) (same); *In re Haights Cross Commc'ns, Inc.*, No. 10-10062 (BLS) (Bankr. D. Del. Feb. 8, 2010) (same).

7. Request for Interim Hearing: Failure to Obtain, on an Interim Basis, Immediate Access to the DIP Facility Would Cause Immediate and Irreparable Harm

56. Bankruptcy Rules 4001(b) and 4001(c) provide that a final hearing on a motion to obtain credit pursuant to section 364 of the Bankruptcy Code or to use cash collateral pursuant to section 363 of the Bankruptcy Code may not be commenced earlier than fourteen (14) days after the service of such motion. However, Bankruptcy Rules 4001(b)(2) and (c)(2) allow the Court to (a) hold a preliminary expedited hearing on the motion and authorize the obtaining of credit and use of cash collateral if so requested and (b) authorize, to the extent necessary to avoid immediate and irreparable harm to the estate, the use of cash collateral or the obtaining of credit.

57. The Debtors request that the Court hold a hearing to consider entry of the Interim Order authorizing the Debtors—in the period from and after entry of the Interim Order until the Final Hearing—to borrow funds under the DIP Facility in accordance with the DIP Budget.

58. The DIP Budget was developed by the Debtors and their professionals, and together with the DIP Lender, to ensure that the Debtors have sufficient funds to operate their business in the ordinary course while running a value-maximizing sale process and paying their administrative expenses. Further, the Budget contemplates that in the period from and after entry of the Interim Order until the Final Hearing the Debtors will use only those funds necessary to avoid immediate and irreparable harm.

WAIVER OF BANKRUPTCY RULE 4001(a)(3)

59. Bankruptcy Rule 4001(a)(3) provides that an "order granting a motion for relief from an automatic stay made in accordance with Rule 4001(a)(1) is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." As explained herein, access to the DIP Facility is essential to prevent irreparable damage to the Debtors' estates.

60. Accordingly, ample cause exists to justify the waiver of the 14-day stay imposed by Bankruptcy Rule 4001(a)(3), and the Debtors requests of waiver of the stay, to the extent such stay applies.

WAIVER OF BANKRUPTCY RULES 6004(a) and (h)

61. To implement the relief requested in this Motion, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As explained above, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors, such that there is ample cause to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

RESERVATION OF RIGHTS

62. Nothing contained in this Motion or any actions taken by the Debtors pursuant to relief granted in the Interim Order and the Final Order is intended to or should be construed as: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the

Bankruptcy Code; or (f) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

NOTICE

63. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the DIP Lender and the Prepetition Lender; (d) the United States Attorney's Office for the District of Delaware; (e) the Internal Revenue Service and applicable state taxing authorities; and (f) any other parties entitled to notice pursuant to Local Rules 2002-1(b) and 9013-1(m). As this Motion is seeking "first day" relief, the Debtors will serve this Motion and any order entered with respect to this Motion as required by Local Rule 9013-1(m)(iii). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[*Remainder of Page Intentionally Left Blank*]

WHEREFORE, the Debtors respectfully request entry of the Interim and Final orders, (a) granting the relief requested herein, and (b) granting such other relief as is just and proper.

Dated: April 24, 2023
Wilmington, Delaware

CHIPMAN BROWN CICERO & COLE, LLP

/s/ Mark L. Desgrosseilliers

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Proposed Conflicts Counsel to Debtors and Debtors in Possession

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-10497 (CTG)
	)	(Jointly Administered)
Debtors.	)	

INTERIM ORDER (I) AUTHORIZING DEBTORS AND DEBTORS IN POSSESSION TO (A) OBTAIN POSTPETITION FINANCING, (B) USE CASH COLLATERAL, (C) GRANT LIENS AND SUPER-PRIORITY CLAIMS, AND (D) GRANT ADEQUATE PROTECTION; (II) MODIFYING THE AUTOMATIC STAY; (III) SCHEDULING A FINAL HEARING; AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") pursuant to §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2) and 364(c)(3), 364(d), 503, 506, 507 and 552 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, 9013 and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "Bankruptcy Rules"), and Rules 2002-1, 4001-1, 4001-2 and 9013-1 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), *inter alia* seeking, among other things:

(1) authorization (a) for Structurlam Mass Timber U.S., Inc., a Delaware corporation, as debtor and debtor in possession and Structurlam Mass Timber Corporation, a corporation

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1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.

2 Capitalized terms used but not defined in this Interim Order shall have the same meanings ascribed to such terms in the DIP Credit Agreement.

governed by the laws of the Province of British Columbia, as debtor and debtor in possession (each individually, a "Borrower" and collectively, "Borrowers"), to obtain, and (b) for each Borrower, SLP Holdings Ltd., a corporation governed by the laws of the Province of British Columbia ("SLP") and Natural Outcomes, LLC, a Delaware limited liability company ("Natural" and together with SLP, each a "Guarantor" and collectively the "Guarantors" and together with the Borrowers, each a "Loan Party" and collectively the "Loan Parties") to guarantee, unconditionally, on a joint and several basis, post-petition financing in the form of a revolving credit facility in accordance with the terms and conditions set forth in the Senior Secured Super-Priority Debtor-in-Possession Financing Credit Agreement, substantially in the form attached hereto as **Exhibit 1** (as amended, supplemented or otherwise modified from time to time in accordance with the terms and conditions set forth herein, the "DIP Credit Agreement"), by and among the Borrowers, the Guarantors, and Bank of Montreal (the "DIP Lender"), and the other Documents (as defined in the DIP Credit Agreement and referred to herein as the "DIP Loan Documents"), and in accordance with this order (this "Interim Order"), secured by perfected senior priority security interests in and liens on the Collateral (as defined herein) pursuant to §§ 364(c)(2) and 364(c)(3), and 364(d) of the Bankruptcy Code (subject only to the Carve-Out and the Permitted Liens (each as defined herein));

(2) authorization for the Loan Parties to apply all collections, asset proceeds and payments in accordance with the Agreed Budget and DIP Credit Agreement (i) first to the Pre-Petition Lender for application or deemed application to up to Cdn. $3,900,000 of Pre-Petition Obligations (as defined herein) until such obligations are fully repaid in accordance with the Pre-Petition Credit Agreement (as defined herein) and other Pre-Petition Loan Documents (as defined herein) and (ii) to the DIP Lender for application and repayment of all Post-Petition Obligations

(as defined herein) in accordance with the DIP Credit Agreement and the other DIP Loan Documents;

(3) authorization for the Debtors to grant superpriority administrative claim status, pursuant to § 364(c)(1) of the Bankruptcy Code, to the DIP Lender in respect of all Post-Petition Obligations (subject to the Carve-Out (as defined herein));

(4) as set forth below, approval of certain stipulations by the Debtors as set forth in this Interim Order in connection with the Pre-Petition Credit Agreement and Pre-Petition Loan Documents;

(5) as set forth below, authorization to provide adequate protection to Pre-Petition Lender;

(6) authorization to use the Cash Collateral (as defined in Section 363 of the Bankruptcy Code) subject to the terms of this Interim Order;

(7) effective only upon entry of a Final Order (as defined herein), the waiver of the Debtors' right to assert claims to surcharge against the Collateral (as defined herein) or the Pre-Petition Collateral (as defined herein) pursuant to § 506(c) of the Bankruptcy Code;

(8) the modification of the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Interim Order to the extent hereinafter set forth;

(9) the scheduling of a final hearing on the Motion ("Final Hearing") to consider entry of a final order (the "Final Order") authorizing, among other things, the borrowing under the DIP Loan Documents on a final basis, as set forth in the Motion and the DIP Credit Agreement filed with the Court; and

(10) related relief.

The initial hearing on the Motion having been held by this Court on April [ ], 2023 (the "Interim Hearing"), and upon the record made by the Debtors at the Interim Hearing, including the Motion, the *Declaration of Matthew Karmel, Interim Chief Executive Officer of the Debtors, in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), the *Declaration of Kevin Haggard in Support of Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Modifying Automatic Stay, and (IV) Granting Related Relief* (the "DIP Declaration" and together with the First Day Declaration, collectively, the "Declarations"), and the filings and pleadings in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and appropriate notice of the Motion, the relief requested therein, and the Interim Hearing (the "Notice") having been provided; and the Notice having been served by the Debtors in accordance with Bankruptcy Rule 4001 on (i) counsel to the DIP Lender and Pre-Petition Lender; (ii) the office of the United States Trustee (the "U.S. Trustee"), (iii) the holders of the 30 largest unsecured claims, on a consolidated basis, against the Debtors' estates (the "30 Largest Unsecured Creditors"), (iv) the Internal Revenue Service and applicable state taxing authorities, (v) the United States Attorney's Office for the District of Delaware; (vi) any party that has asserted or may assert a lien in the Debtors' assets; and (vii) all parties entitled to notice pursuant to Local Rules 2002-1(b) and 9013-1(m) (collectively, the "Noticed Parties") and the opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and after due deliberation sufficient cause appearing therefor;

BASED UPON THE RECORD ESTABLISHED AT THE INTERIM HEARING BY THE DEBTORS, INCLUDING THE SUBMISSIONS OF THE DECLARATIONS, THE FACTS IN THE MOTION AND THE REPRESENTATIONS OF COUNSEL, THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:[3]

A. Petition. On April 21, 2023 (the "Petition Date"), each Debtor filed a voluntary petition (each, a "Petition") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

B. Disposition. The Motion is hereby granted in accordance with and to the extent set forth in this Interim Order. Any objections to the Motion with respect to the entry of the Interim Order that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled.

C. Jurisdiction and Venue. The Court has jurisdiction of this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334, as well as the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012. The Motion is a "core" proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D) and (M). This Court may enter a final order consistent with Article III of the United States Constitution. Venue of the Chapter 11 Cases and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief sought herein are Sections 105, 361, 362, 363, 364, 503, 506, 507 and 552 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 9013 and 9014 and the applicable provisions of the Local Rules.

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[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted as such.

D. Committee Formation. As of the date hereof, the U.S. Trustee has not yet appointed an official committee of unsecured creditors in these Chapter 11 Cases pursuant to Section 1102 of the Bankruptcy Code (a "Committee").

E. Notice. Notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion with respect to the relief requested at the Interim Hearing or the entry of this Interim Order shall be required.

F. Acknowledgments and Agreements of Debtors. After consultation with their attorneys and financial advisors, and without prejudice to the rights of any Committee appointed in these Chapter 11 Cases or other parties-in-interest as and to the extent set forth in Section 4.1 of this Interim Order, the Debtors, on their behalf and on behalf of their estates, admit, stipulate, acknowledge and agree that (collectively, the "Stipulations"):

(i) Pre-Petition Loan Documents. Prior to the commencement of the Chapter 11 Cases, the Pre-Petition Lender (as defined herein) made loans, advances and provided other financial accommodations to the Loan Parties pursuant to the terms and conditions set forth in (1) that certain Amended and Restated Letter Agreement dated December 3, 2019 among the Borrowers as borrowers, SLP and Natural as guarantors, and Bank of Montreal, as lender (the "Pre-Petition Lender") as amended by a waiver and first amendment agreement dated as of February 2, 2021, a waiver and second amendment agreement dated as of September 29, 2021, a waiver and third amendment agreement dated as of January 24, 2022, a fourth amendment agreement dated as of June 17, 2022, a fifth amendment agreement dated as of June 27, 2022, a consent and sixth amending agreement dated as of February 7, 2023, a seventh amending agreement dated as of March 3, 2023, and an eighth amending agreement dated as of April 21,

2023 (collectively, the "Pre-Petition Credit Agreement"); and (2) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of the Pre-Petition Lender in connection with the Pre-Petition Credit Agreement, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements, PPSA financing statements, and all other related agreements, documents and instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Pre-Petition Credit Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "Pre-Petition Loan Documents"). Copies of the operative Pre-Petition Loan Documents are in the possession of counsel to the Debtors and available upon reasonable request.

(ii) Pre-Petition Loan Obligations. As of the Petition Date, the Loan Parties were indebted to the Pre-Petition Lender under the Pre-Petition Loan Documents in respect of (a) a committed revolving credit facility in the maximum principal amount of Cdn. $3,000,000, (b) a non-revolving term credit facility in the original maximum principal amount of Cdn. $21,333,317, (c) a revolving letter of credit facility in the maximum principal amount of Cdn. $413,000, (d) a committed, reducing, non-revolving term credit facility in the original maximum principal amount of US $35,529,007, (e) a MasterCard Facility providing corporate credit card services in the maximum principal amount of US $50,000 and Cdn. $100,000 and (f) an uncommitted non-revolving demand facility in the maximum principal amount of Cdn. $900,000 (each as described and defined in the Pre-Petition Credit Agreement) in an aggregate outstanding principal amount of not less than US $50,065,515.23[4], plus interest accrued and accruing thereon,

[4] Reflects conversion of Canadian dollar amounts to US dollar amounts calculated as of April 20, 2023.

together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto, each in accordance with the terms of the Pre-Petition Credit Agreement (collectively, the "Pre-Petition Obligations", as such term is further defined in the DIP Credit Agreement). The Pre-Petition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of the Loan Parties, and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law; the Loan Parties do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Interim Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Pre-Petition Obligations or liens and security interest securing the same described in clause (E)(iii) below.

(iii) Pre-Petition Collateral. As of the Petition Date, the Pre-Petition Obligations were fully secured pursuant to the Pre-Petition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens granted by the Loan Parties to Pre-Petition Lender under the Pre-Petition Loan Documents, upon all of the Pre-Petition Collateral (as defined in the DIP Credit Agreement and hereinafter referred to as the "Pre-Petition Collateral"), subject only to the liens specifically permitted under Section 9.2(b) of the Pre-Petition Credit Agreement to the extent that such security interests, liens or encumbrances are (1) valid, perfected, and unavoidable senior priority liens and security interests existing as of the Petition Date securing valid, binding and unavoidable debt permitted under the Pre-Petition Loan Documents, and (2) senior to and have not been and are not subject to being subordinated to Pre-

Petition Lender's liens on and security interests in the Pre-Petition Collateral under the Pre-Petition Loan Documents or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding (hereinafter referred to as the "Permitted Liens"). None of the Loan Parties possess or will assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of Pre-Petition Lender's liens, claims or security interests in the Pre-Petition Collateral.

(iv) Subject to the rights of the DIP Lender, the Pre-Petition Lender has the right to "credit bid" the amount of its claims that are Pre-Petition Obligations arising under the terms of the Pre-Petition Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code.

(v) Proof of Claim. The acknowledgment by the Loan Parties of the Pre-Petition Obligations and the liens, rights, priorities and protections granted to or in favor of Pre-Petition Lender in respect of the Pre-Petition Collateral as set forth herein and in the Pre-Petition Loan Documents shall be deemed a timely filed proof of claim on behalf of Pre-Petition Lender in each of these Chapter 11 Cases.

G. Findings Regarding the Post-Petition Financing.

(i) Post-Petition Financing. The Loan Parties have requested from the DIP Lender, and the DIP Lender is willing to extend, certain loans, advances and other financial accommodations on the terms and conditions set forth in this Interim Order, the DIP Credit Agreement and the other DIP Loan Documents, in a principal amount of up to Cdn.

$4,000,000 during the Interim Financing Period and up to Cdn. $7,500,000 following entry of the Final Order in form and substance acceptable to the DIP Lender.

(ii) Need for Post-Petition Financing. The Debtors do not have sufficient available sources of working capital, including Cash Collateral, to operate their businesses in the ordinary course of business and fund these Chapter 11 Cases without access to the financing provided under the DIP Credit Agreement as requested in the Motion and the authority to use Cash Collateral pursuant to the terms of this Interim Order. The Debtors' ability to maintain business relationships with their vendors, suppliers and customers, to pay their employees, and to otherwise fund their operations and these Chapter 11 Cases is essential to the Debtors' continued viability as the Debtors seek to maximize the value of the assets of the Estates (as defined herein) for the benefit of all creditors of the Debtors. The ability of the Debtors to obtain sufficient working capital and liquidity through the proposed post-petition financing arrangements with the DIP Lender as set forth in this Interim Order, the DIP Credit Agreement, and other DIP Loan Documents, as applicable, is vital to the preservation and maintenance of the going concern value of each Debtor. Accordingly, the Debtors have an immediate need to obtain the post-petition financing in order to, among other things, permit the orderly continuation of the operation of their businesses, minimize the disruption of their business operations, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under § 541 of the Bankruptcy Code, the "Estates").

(iii) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under §§ 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange for the grant of a superpriority administrative expense, junior liens on encumbered property of the Estates, or

liens on property of the Estates not subject to a lien pursuant to § 364(c)(1), 364(c)(2) or 364(c)(3) of the Bankruptcy Code, without granting to the DIP Lender, the DIP Liens and the DIP Loan Superpriority Claim (each as defined herein) and incurring the Adequate Protection Obligations (as defined herein), in each case as provided for herein subject to the Carve-Out to the extent set forth herein, under the terms and conditions set forth in this Interim Order and in the DIP Loan Documents. The Debtors have been unable to procure the necessary financing on terms more favorable, taken as a whole, than the financing offered by the DIP Lender pursuant to the DIP Loan Documents.

(iv) DIP Budget. The Loan Parties have prepared and delivered to the DIP Lender an initial 13-week budget (the "DIP Budget"), a summary of which is attached to this Interim Order as **Exhibit 2**. Such DIP Budget has been thoroughly reviewed by the Loan Parties and their management and sets forth, among other things, the projected cash receipts and disbursements of the Loan Parties for the periods covered thereby. The DIP Lender is relying upon the Loan Parties' compliance with the DIP Budget (subject to the variances permitted under the DIP Credit Agreement including Sections 8.1(p), 8.1(s), 8.2(r) of the DIP Credit Agreement and the definition of "Agreed Budget" therein (the "Permitted Variances")) and related covenants in accordance with the DIP Credit Agreement including Sections 8.1 and 8.2 of the DIP Credit Agreement, the other DIP Loan Documents, and this Interim Order in determining to enter into the post-petition financing arrangements provided for herein.

(v) Business Judgment and Good Faith Pursuant to § 364(e). The terms of the DIP Credit Agreement and the other DIP Loan Documents and this Interim Order are fair, just and reasonable under the circumstances, are ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment

consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Credit Agreement and the other DIP Loan Documents and this Interim Order have been negotiated in good faith and at arms' length by and among the Loan Parties, the DIP Lender with all parties being represented by counsel. Any credit extended under the terms of this Interim Order shall be deemed to have been extended in good faith by the DIP Lender, as that term is used in § 364(e) of the Bankruptcy Code.

(vi) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (1) minimize disruption to the Debtors' businesses and operations, (2) preserve and maximize the value of the Debtors' Estates for the benefit of all the Debtors' creditors, and (3) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(vii) Immediate Entry. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2). No party appearing in the Chapter 11 Cases has filed or made an objection to the relief sought in the Motion or the entry of this Interim Order, or any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Interim Order. Except as otherwise expressly

provided in this Interim Order, any objection to the entry of this Interim Order that has not been withdrawn, waived, resolved or settled, is hereby denied and overruled on the merits.

1.2 Authorization to Borrow, Guaranty, and Use Loan Proceeds. Borrowers are hereby authorized and empowered to immediately borrow and obtain Loans and to incur indebtedness and other obligations (collectively, the "Post-Petition Obligations"), and each Loan Party is hereby authorized to guaranty such Post-Petition Obligations in an amount of (i) up to Cdn. $4,000,000 in principal amount, plus (ii) all interest, costs, and fees, accrued or accruing under the DIP Credit Agreement and other DIP Loan Documents, all pursuant to the terms and conditions of this Interim Order, the DIP Credit Agreement, the other DIP Loan Documents, during the period commencing on the date of this Interim Order through and including the date of the Final Hearing (the "Interim Financing Period"). Subject to the terms and conditions contained in this Interim Order and the DIP Loan Documents, Borrowers shall use the proceeds of the Loans and other credit and financial accommodations provided by the DIP Lender under the DIP Credit Agreement and the other DIP Loan Documents solely for payment of expenses set forth in the DIP Budget and amounts owing to the DIP Lender in accordance with the terms and conditions of the DIP Loan Documents and this Interim Order.

1.3 Financing Documents

(a) Authorization. The Loan Parties are hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Credit Agreement and the other DIP Loan Documents. Upon execution and delivery of the DIP Credit Agreement and the other DIP Loan Documents, such agreements and documents shall constitute valid and binding obligations of the Loan Parties, enforceable against each Loan Party in accordance with the terms of such agreements, documents and this Interim Order. No

obligation, payment, transfer or grant of security under the DIP Credit Agreement, the other DIP Loan Documents or this Interim Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable state, federal or foreign law (including, without limitation, under chapter 5 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or foreign law) or be subject to any defense, reduction, setoff, counterclaim, recoupment, offset, recharacterization, subordination (whether equitable, contractual or otherwise), cross-claims or any other challenge under the Bankruptcy Code or any applicable law, rule or regulation by any person or entity.

(b) Approval; Evidence of Borrowing Arrangements. All terms, conditions and covenants set forth in the DIP Loan Documents (including, without limitation, the DIP Credit Agreement) are approved on an interim basis. All such terms, conditions and covenants shall be sufficient and conclusive evidence of (a) the borrowing arrangements by and among the Loan Parties and the DIP Lender, and (b) each Loan Party's agreement to all of the terms, conditions, and covenants of the DIP Credit Agreement and the other DIP Loan Documents for all purposes, including, without limitation, to the extent applicable, the payment of all Post-Petition Obligations arising thereunder, including, without limitation, all principal, interest, fees and other expenses, including, without limitation, all of the DIP Lender's consultant fees, professional fees, attorney fees and legal expenses, whether incurred pre-petition or post-petition, as more fully set forth in the DIP Loan Documents.

(c) Amendment. Subject to the terms and conditions of the DIP Credit Agreement and the other DIP Loan Documents, the Loan Parties and the DIP Lender may amend, modify, supplement or waive any provision of the DIP Loan Documents (a "DIP Loan Amendment") without further approval or order of the Court, so long as (a) such DIP Loan

Amendment is not material (for purposes hereof, a "material" DIP Loan Amendment shall mean any DIP Loan Amendment that operates to increase the interest rate other than as currently provided in the DIP Loan Documents, increase the maximum credit available pursuant to the DIP Credit Agreement, increase or add an additional early termination fee, prepayment or repayment premium, add specific new events of default or enlarge the nature and extent of default remedies available to the DIP Lender following an event of default) and is undertaken in good faith by the DIP Lender and the Loan Parties; (b) the Debtors provide prior written notice of the DIP Loan Amendment (the "DIP Loan Amendment Notice") to (i) the U.S. Trustee, and (ii) counsel to any Committee, or in the event no such Committee is appointed at the time of such DIP Loan Amendment, the 30 Largest Unsecured Creditors; (c) the Debtors file the DIP Loan Amendment Notice with the Court; and (d) no objection to the DIP Loan Amendment is filed with the Court within five (5) business days from the date the DIP Loan Amendment Notice is filed with the Court in accordance with this Paragraph. Any material DIP Loan Amendment to the DIP Loan Documents must be approved by the Court to be effective.

1.4 Payment of Pre-Petition Debt. The Debtors are authorized to pay all Pre-Petition Obligations in accordance with the Pre-Petition Credit Agreement (subject to Paragraph 4.1(b) of this Interim Order), the DIP Credit Agreement, the other DIP Loan Documents to the extent authorized by this Interim Order, including, without limitation, Paragraph 1.5 of this Interim Order.

1.5 Application of Payments and Collateral Proceeds; Roll-Up.

(a) Cash Collateral and proceeds of Collateral in excess of the aggregate receipts forecast in the initial DIP Budget attached hereto as **Exhibit 2** shall be applied, first, to repayment of the Pre-Petition Obligations up to the amount of Cdn. $3,900,000, and, second, to

the DIP Indebtedness until paid in full, in accordance with the Payment Protocol as defined in the DIP Credit Agreement. Except to the extent permitted otherwise pursuant to the preceding sentence, all proceeds of Pre-Petition Collateral shall be applied to the Pre-Petition Indebtedness (in accordance with the Pre-Petition Loan Documents) until paid in full. The Debtors shall not have the right to direct the manner of application of any payments to the Pre-Petition Lender or the DIP Lender or any other receipts by the Pre-Petition Lender or the DIP Lender of proceeds of any of the Pre-Petition Collateral or Collateral other than in the manner set forth in this ordering paragraph, the Pre-Petition Credit Agreement and the DIP Credit Agreement. The Debtors are authorized to make all payments and transfers of Estate property to the DIP Lender as provided for, permitted and/or required under the DIP Credit Agreement and the other DIP Loan Documents, and any such payments and transfers shall not be avoidable or recoverable from the DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise.

(b) Without limiting the generality of Paragraphs 1.5(a), the Debtors are authorized without further order of this Court to pay or reimburse the DIP Lender for all costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by the DIP Lender in connection with the financing transactions as provided in this Interim Order and the DIP Loan Documents, whether incurred pre-petition or post-petition, all of which shall be and are included as part of the principal amount of the Post-Petition Obligations and secured by the Collateral (as defined herein); provided that any such legal fees shall be paid only in accordance with the procedures set forth in Paragraph 5.12 of this Interim Order.

1.6 Continuation of Pre-Petition Procedures. Except to the extent expressly set forth in the DIP Loan Documents or any cash management order entered in these Chapter 11 Cases, all pre-petition practices and procedures for the payment and collection of proceeds of the Collateral, the turnover of cash, including any deposit account control agreement (a "Control Agreement") and any other similar lockbox or blocked depository bank account arrangements, are hereby approved, ratified and shall continue without interruption after the commencement of the Chapter 11 Cases and are further approved and deemed applicable for the payment and collection of proceeds of the Collateral, the turnover of cash, and the delivery of property to the DIP Lender in accordance with the terms of the DIP Loan Documents.

Section 2. Post-Petition Lien; Superpriority Administrative Claim Status.

2.1 Post-Petition Liens. To secure the prompt payment and performance of any and all Post-Petition Obligations of the Loan Parties to the DIP Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, the following valid, binding, continuing, enforceable and non-avoidable security interests and liens (all security interests and liens granted to the DIP Lender, pursuant to this Interim Order and the DIP Loan Documents, the "DIP Liens") are hereby granted to the DIP Lender (all property identified in clauses (a) through (f) below being collectively referred to as the "Collateral" but for the avoidance of doubt, the Collateral shall not include, prior to the entry of the Final Order, any property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to Sections 542, 544, 545, 547, 548, 549, 550, 551, 553(b) or 724(a) of the Bankruptcy Code ("Avoidance Actions" and the proceeds thereof, the "Avoidance Proceeds") (collectively the "Excluded Collateral")):

(a) Priming Liens on Encumbered Property. Pursuant to section 364(d)(1) of the Bankruptcy Code, valid and perfected first priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Debtors' Estates may have (the "Pre-Petition Liens") (but subject to the Carve-Out (as defined herein) and the Permitted Liens), in and upon all tangible and intangible pre- and post-petition property of the Debtors that is subject to a security interest or lien as of the Petition Date, including the Pre-Petition Collateral;

(b) Liens on Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all tangible and intangible pre- and post-petition property of the Debtors, whether existing on the Petition Date or thereafter acquired, that, on, after or as of the Petition Date, is not subject to a valid, perfected and non-avoidable lien (collectively, the "Unencumbered Property"), including any and all unencumbered cash of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, claims, causes of action, commercial tort claims, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, intellectual property, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, and including the Debtors' rights in any deposit or escrowed funds delivered by any proposed buyer of assets of any of the Debtors, whether delivered prior to or after the Petition Date, and including any Funded Reserve Account (as defined below) or any similar account and the contents thereof, in each case wherever located and whenever arising, and the proceeds, products, rents and profits of the foregoing, whether arising

under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than, prior to the entry of the Final Order, the Excluded Collateral, but including, upon entry of the Final Order, the Avoidance Proceeds;

(c) Lien Priority in Collateral. The liens and security interests of the DIP Lender granted under the DIP Loan Documents and this Interim Order in the Collateral securing all Post-Petition Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that the DIP Lender's liens on and security interests in the Collateral shall be subject only to (a) the Permitted Liens and (b) the Carve-Out (as defined herein).

(d) Right of Repayment. The right to repayment of the DIP Lender granted under the DIP Loan Documents and this Interim Order from the sale or other disposition of the Collateral or any proceeds thereof shall be first and senior in priority to all other rights of repayment of every kind, nature and description, subject in each case to the Permitted Liens.

(e) Post-Petition Lien Perfection. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection and validity of the post-petition liens and security interests granted herein, effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the Collateral, or other act to validate or perfect such security interest or lien, including without limitation, control agreements with any financial institution(s) party to a Control Agreement with respect to any deposit account or securities account held by such financial institution(s) or other depository account consisting of Collateral (a

"Perfection Act"). Notwithstanding the foregoing, if the DIP Lender, shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, then the DIP Lender is authorized to perform such act, and the Debtors are authorized to perform such act to the extent necessary or required by the DIP Lender, which act or acts shall be deemed to have been accomplished as of the date and time of entry of this Interim Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. The DIP Lender may choose to file, record or present a certified copy of this Interim Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file or record such certified copy of this Interim Order in accordance with applicable law. Should the DIP Lender so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the post-petition liens and security interests granted herein by virtue of the entry of this Interim Order.

(f) Nullifying Pre-Petition Restrictions to Post-Petition Financing. Notwithstanding anything to the contrary contained in any pre-petition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the DIP Loan Documents, any provision that restricts, limits or impairs in any way any Debtor from granting the DIP Lender security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party) under the DIP Loan Documents or this Interim Order, as applicable, or otherwise entering into and complying with all of the terms, conditions and provisions hereof or

of the DIP Loan Documents, shall not (a) be effective and/or enforceable against any such Debtor(s), or the DIP Lender, as applicable, or (b) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to the DIP Lender pursuant to this Interim Order or the DIP Loan Documents, in each case, to the maximum extent permitted under the Bankruptcy Code and other applicable law that would not render any unexpired lease or executory contract non-assumable or non-assignable pursuant to Section 365 of the Bankruptcy Code.

2.2 Superpriority Administrative Expenses.

(a) DIP Loans. For all Post-Petition Obligations now existing or hereafter arising pursuant to this Interim Order, the DIP Loan Documents or otherwise, the DIP Lender is granted an allowed superpriority administrative claim pursuant to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 364(c)(1), 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 546(c), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all pre-petition and post-petition property of the Debtors and all proceeds thereof (the "DIP Loan Superpriority Claim").

2.3 Carve-Out.

(a) As used in this Interim Order, the "Carve-Out" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States

Trustee under 28 U.S.C. § 1930(a) plus interest at the statutory rate through the Carve-Out Termination Date (defined below); (ii) all reasonable fees and expenses up to $25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or other order of this Court, all unpaid fees and expenses (the "Allowed Professional Fees") incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "Debtor Professionals"), including any Debtor Professionals appointed to act on behalf of the Debtors before the Supreme Court of British Columbia and retained by the Debtors in such capacity under the foregoing provisions of the Bankruptcy Code, and the Committee pursuant to sections 328 or 1103 of the Bankruptcy Code (the "Committee Professionals" and, together with the Debtor Professionals, the "Professional Persons") at any time before or on the last day of the week in which an Enforcement Notice is served, less the amount of any remaining and unapplied fee retainers held by any such Professional Person pursuant to Sections 327, 328 or 1103 of the Bankruptcy Code, provided, that the Allowed Professional Fees of the Committee Professionals shall not at any time exceed the aggregate amount of the fees and expenses identified in the DIP Budget for each such Committee Professional covering the period of time commencing on the Petition Date through the earlier of (A) the date of determination, and (B) the last day of the week in which an Enforcement Notice is served; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $500,000 incurred after the first business day following delivery by the DIP Lender of the Enforcement Notice, to the extent allowed at any time, whether by interim order, procedural order, or other order of this Court (the amounts set forth in this clause (iv) being the "Post-Notice Carve-Out Cap").

For the avoidance of doubt, (i) so long as an Enforcement Notice has not been issued, the Debtors shall be permitted to pay Allowed Professional Fees as the same may be due and payable to the extent set forth in the DIP Budget and in accordance with the DIP Credit Agreement and this Interim Order; and (ii) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described herein.

(b) Funded Reserve Account. The Debtors shall establish and fund a segregated account (the "Funded Reserve Account") for purpose of funding the Carve-Out and for holding funds for the Professional Persons for payment of such Professional Persons' Allowed Professional Fees. The Funded Reserve Account will remain DIP Collateral and will be funded first, from identifiable proceeds of any DIP Collateral, and, solely to the extent that the amount of the identifiable proceeds of any DIP Collateral is insufficient to fund the Funded Reserve Account, the proceeds of the DIP Loans.

(i) Subject to entry of this Interim Order, commencing on May 1, 2023 (or the first business day thereafter), the Debtors shall deposit into the Funded Reserve Account an amount equal to 115% of the aggregate amount of budgeted professional fees as provided on the DIP Budget for the period from the Petition Date through April 30, 2023 (such period, the "Initial Period" and such amount, the "Initial Funded Reserve Amount"). Commencing on June 1, 2023 (or the first business day thereafter), and continuing on the first business day of each month thereafter, the Debtors shall deposit in the Funded Reserve Account an amount equal to 115% of the aggregate amount of budgeted professional fees and expenses as provided on the DIP Budget for the prior month (the "Monthly Funded Reserve Amount"). By no later than the 15th of each month, starting in May 2023 (or such other date that may be established in any order authorizing professional compensation procedures), each Professional Person shall deliver to the

Debtors a notice of the cumulative total amount of actual fees and expenses incurred in the preceding month ("Actual Accrued Prior Month's Fees and Expenses") (each such statement, a "Fee Statement") for which such Professional Person has or will seek payment as Allowed Professional Fees. For any Professional Person, to the extent budgeted fees and expenses, are greater than Allowed Professional Fees, or the Monthly Funded Reserve Amount exceeds the Actual Accrued Prior Month's Fees and Expenses, such Professional Person's Monthly Funded Reserve Amount for the following month shall be reduced accordingly.

(ii) The Funded Reserve Account shall be maintained, and the funds therein (the "Funded Reserve Amount") shall constitute Carve-Out funds and be held solely to pay Professional Persons until all Allowed Professional Fees are paid in full. Until all Allowed Professional Fees are paid in full, any and all amounts in the Funded Reserve Account shall not be subject to any cash sweep and/or foreclosure provisions in the documents governing the Prepetition Credit Facilities or the DIP Loan Documents, and the DIP Lender shall not be entitled to sweep or foreclose on such amounts notwithstanding any provision to the contrary in the documents governing the Prepetition Credit Facilities or the DIP Loan Documents. Notwithstanding the foregoing, any and all payments to Professional Persons shall be paid first from the Funded Reserve Account.

(c) Carve-Out Reserves. On the day on which an Enforcement Notice is given by the DIP Lender to the Debtors with a copy to counsel to the Committee (the "Termination Declaration Date"), the Enforcement Notice shall constitute a demand to the Debtors to utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then-unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such

amounts in a segregated account at the DIP Lender in trust to pay such then unpaid Allowed Professional Fees (the "Pre-Notice Carve-Out Reserve") prior to any and all other claims. On the Termination Declaration Date, the Enforcement Notice shall also constitute a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor, after funding the Pre-Notice Carve-Out Reserve, to fund a reserve in an amount equal to the Post-Notice Carve-Out Cap. The Debtors shall deposit and hold such amounts in a segregated account at the DIP Lender in trust to pay such Allowed Professional Fees benefiting from the Post-Notice Carve-Out Cap (the "Post-Notice Carve-Out Reserve" and, together with the Pre-Notice Carve-Out Reserve, the "Carve-Out Reserves") prior to any and all other claims. All funds in the Pre-Notice Carve-Out Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "Pre-Notice Carve Out Amounts"), but not, for the avoidance of doubt, the Post-Notice Carve-Out Cap, until paid in full, and then, to the extent the Pre-Notice Carve-Out Reserve has not been reduced to zero, to the DIP Lender for application to the Post-Petition Obligations, unless the Post-Petition Obligations have been indefeasibly paid in full, in cash, and all commitments under the DIP Loan Documents have been terminated, in which case any such excess shall be paid to the Pre-Petition Lender in accordance with its rights and priorities hereunder. All funds in the Post-Notice Carve-Out Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "Post-Notice Carve-Out Amounts"), and then, to the extent the Post-Notice Carve-Out Reserve has not been reduced to zero, to the DIP Lender for application to the Post-Petition Obligations, unless the Post-Petition Obligations have been indefeasibly paid in full, in cash, and all commitments under the DIP Loan Documents have been terminated, in which case any such excess shall be paid to the Pre-Petition Lender in accordance with its rights and priorities

hereunder. Notwithstanding anything to the contrary in the DIP Loan Documents, or this Interim Order, if either of the Carve-Out Reserves is not funded in full in the amounts set forth in this paragraph 2.3, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Notice Carve-Out Amounts and Post-Notice Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth in this paragraph 2.3, prior to making any payments to the DIP Lender, as applicable. Notwithstanding anything to the contrary in the DIP Loan Documents or this Interim Order, following delivery of an Enforcement Notice, the DIP Lender and the Pre-Petition Lender shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the DIP Lender for application in accordance with the DIP Loan Documents and the Pre-Petition Lender in accordance with the Pre-Petition Loan Documents pursuant to their relative rights and priorities as set forth herein. Further, notwithstanding anything to the contrary in this Interim Order, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute Loans (as defined in the DIP Credit Agreement) or increase or reduce the Post-Petition Obligations, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, (iii) in no way shall the DIP Budget, Carve-Out, Post-Notice Carve-Out Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors and (iv) the DIP Lender shall have no obligation to advance any loans or other amounts after the Termination Declaration Date. For the avoidance of doubt and notwithstanding anything to the contrary in this Interim Order, the DIP Loan Documents, or in any Prepetition Loan Documents, the Carve-Out shall be senior to all liens and

claims securing the Post-Petition Obligations and the Superpriority Claim, and any and all other forms of adequate protection, liens, or claims securing the Post-Petition Obligations or the Pre-Petition Obligations.

(d) Excluded Professional Fees. Notwithstanding anything to the contrary in this Interim Order, neither the Carve-Out nor the proceeds of Collateral or any Loans or any other credit or financial accommodations provided under or in connection with the DIP Loan Documents shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional Person in connection with any of the following:

(i) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (A) challenging the legality, validity, priority, perfection, or enforceability of (1) the Pre-Petition Obligations or Pre-Petition Lender's liens on and security interests in the Pre-Petition Collateral or (2) the Post-Petition Obligations or the DIP Lender's liens on and security interests in the Collateral; (B) invalidating, setting aside, avoiding or subordinating, in whole or in part, (1) the Pre-Petition Obligations or Pre-Petition Lender's liens on and security interests in the Pre-Petition Collateral, or (2) the Post-Petition Obligations or the DIP Lender's liens on and security interests in the Collateral; or (C) preventing, hindering or delaying the DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any Collateral in accordance with the terms and conditions of the DIP Credit Agreement, the DIP Loan Documents, and this Interim Order;

(ii) a request, without the prior written consent of the DIP Lender, to use Cash Collateral (as such term is defined in section 363 of the Bankruptcy Code) in

any manner that is not in accordance with the terms and conditions of this Interim Order and the DIP Loan Documents;

(iii) a request, without the prior written consent of the DIP Lender, for authorization to obtain debtor in possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code that does not provide for the Payment in Full of all the Post-Petition Obligations on terms and conditions on the date any such financing or financial accommodation is approved by this Court; [5]

(iv) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against the DIP Lender or any of its respective officers, directors, employees, agents, attorneys, affiliates, predecessors, successors or

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[5] All references to "payment in full" or "Payment in Full" or "paid in full" or "Paid in Full" with respect to the Pre-Petition Obligations or Post-Petition Obligations, as the case may be, means the indefeasible repayment in full in cash of all such obligations (including principal, interest, fees, expenses, and indemnities), except that for contingent obligations it shall include arrangements and amounts reasonably satisfactory to the applicable lender, whether in the form of cash collateral or a backstop letter of credit, and including in any event in addition to such arrangements as to letters of credit and similar instruments, treasury and cash management obligations, hedging obligations and other bank product obligations, the pledge of cash collateral in such amounts as the applicable lender or issuing bank may reasonably require to secure any reimbursement, indemnification or similar continuing obligations of the Debtors in favor of the applicable lender, in each case, in accordance with the terms of the applicable Pre-Petition Loan Document or DIP Loan Document (it being understood that the reference to cash collateral herein under the Pre-Petition Credit Agreement or the DIP Credit Agreement means the pledge and deposit with and delivery to the lender, as the case may be, as collateral for the obligations specified above in such amounts as Pre-Petition Lender or the DIP Lender, as the case may be, determines pursuant to documentation in form and substance reasonably satisfactory to such lender and that the Pre-Petition Lender, or the DIP Lender, as the case may be, shall receive a release from each Debtor and any Committee of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities (including, without limitation any obligations or liabilities of any kind related to the Carve-Out upon payment in full of the Pre-Petition Obligations or Post-Petition Obligations) in form and substance acceptable to Pre-Petition Lender or the DIP Lender, as applicable or in the case of the Committee, instead of such release, (A) if the Challenge Period (as defined in this Interim Order) has not elapsed, a written notice or other confirmation that no Challenge or any other claims of any kind (including with respect to the Carve-Out upon payment in full of the Pre-Petition Obligations or Post-Petition Obligations) will be asserted or (B) if the Challenge Period has elapsed, then no Challenge or any other claim has been asserted or any Challenge or other claim asserted has been dismissed pursuant to a final, non-appealable order of a court of competent jurisdiction and a written notice or other confirmation that no claim of any kind with respect to the Carve-Out will be asserted against the Pre-Petition Lender or the DIP Lender.

assigns, including, without limitation, any attempt to recover or avoid any claim or interest from the DIP Lender under chapter 5 of the Bankruptcy Code;

(v) the cost of investigation into any claims against Pre-Petition Lender arising under or in connection with the Pre-Petition Loan Documents in an aggregate amount that exceeds $25,000;

(vi) seeking relief under the Bankruptcy Code, including, without limitation, in each case under Section 105 of the Bankruptcy Code, to the extent such relief would restrict or impair the rights and remedies of the DIP Lender as set forth herein, the other DIP Loan Documents or any order of the Bankruptcy Court; or

(vii) any act which has or could directly, materially and adversely modify or compromise the rights and remedies of the DIP Lender under this Interim Order, or which directly results in the occurrence of an Event of Default under any DIP Loan Documents or this Interim Order.

2.4 Payment of Allowed Professional Fees Prior to the Termination Declaration Date. Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve Out.

2.5 Payment of Carve-Out On or After the Termination Declaration Date.

(a) Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out, if any, shall be added to, and made a part of, the Post-Petition Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under this Interim Order, the DIP Loan Documents, the Bankruptcy Code, and applicable law.

(b) Payment from the Carve-Out, whether by or on behalf of the DIP Lender or Pre-Petition Lender shall not and shall not be deemed to reduce the Pre-Petition Obligations or Post-Petition Obligations, and shall not and shall not be deemed to subordinate any liens and security interests of the DIP Lender or the Pre-Petition Lender in the Pre-Petition Collateral or Collateral, the Superpriority Claim (as defined herein), or the DIP Loan Superpriority Claim (as defined herein) to any junior pre- or post-petition lien, interest or claim in favor of any other party. The DIP Lender and the Pre-Petition Lender shall not, under any circumstance, be responsible for the direct payment or reimbursement of any fees or disbursements of any Professionals incurred in connection with the Chapter 11 Cases under any chapter of the Bankruptcy Code, and nothing in this Interim Order or otherwise shall be construed to obligate the DIP Lenders or the Pre-Petition Lender in any way, to directly pay compensation to or to reimburse expenses of any Professional, or to ensure that the Debtors have sufficient funds to pay such compensation or reimbursement.

2.6 Limited Use of Cash Collateral; Adequate Protection.

(a) Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, the DIP Credit Agreement, the DIP Loan Documents, and in accordance with the DIP Budget (subject to the Permitted Variances), Borrowers shall be and are hereby authorized to use the Cash Collateral (as defined in Section 363 of the Bankruptcy Code) for the period commencing on the date of this Interim Order and terminating upon the earlier of (i) the date that is the final day of the Interim Financing Period; and (ii) the date on which the DIP Lender delivers an Enforcement Notice (as defined herein) to counsel for the Loan Parties, counsel for the Committee (if appointed), and the U.S. Trustee, subject to the liens and security interests granted to the DIP Lender. Nothing in this Interim Order shall authorize the disposition of any

assets of the Debtors or their Estates outside the ordinary course of business, or any Borrower's use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Interim Order, the DIP Loan Documents and in accordance with the DIP Budget.

(b) Replacement Liens.

(i) Replacement Lien. As adequate protection for any diminution in value of their interests in the Pre-Petition Collateral (including Cash Collateral) on account of the Debtors' use of such Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the DIP Liens and the Carve-Out on a dollar-for-dollar basis (collectively, the "Diminution in Value"), the Pre-Petition Lender is hereby granted pursuant to §§ 361 and 363 of the Bankruptcy Code, and solely to the extent of the Diminution in Value, valid, binding, enforceable and perfected replacement liens upon and security interests in all Collateral (the "Replacement Lien"). The Replacement Lien shall be junior and subordinate only to (A) the Carve-Out (B) the Permitted Liens, and (C) DIP Liens, and shall otherwise be senior to all other security interests in, liens on, or claims against any of the Collateral.

(c) Additional Adequate Protection.

(i) Superpriority Claim. As adequate protection for the Diminution in Value, the Pre-Petition Lender is hereby granted as and to the extent provided by Section 507(b) of the Bankruptcy Code, and to the extent of the Diminution in Value, an allowed superpriority administrative expense claim in each of the Chapter 11 Cases and any successor bankruptcy cases (the "Superpriority Claim"). The Superpriority Claim shall be junior only to (A) the Carve-Out and (B) the DIP Loan Superpriority Claim, and shall otherwise have priority over all administrative expense claims, including administrative expenses of the kinds specified in or ordered pursuant to Sections 503(b) and 507(b) of the Bankruptcy Code, and unsecured claims

against Debtors and their Estates now existing or hereafter arising, of any kind or nature whatsoever.

(ii) Payment of Professional Fees. As further adequate protection, the Debtors are authorized to pay, in accordance with the terms of Paragraph 5.12 of this Interim Order, all reasonable and documented fees and expenses of the Pre-Petition Lender, whether incurred pre-petition or post-petition (the "Pre-Petition Lender Professional Fees").

(iii) Cash Interest. As further adequate protection, the Debtors will pay the Pre-Petition Lender cash interest at the non-default rate on the Pre-Petition Obligations as and when due under the Pre-Petition Credit Agreement (the "Adequate Protection Interest Payments," together with the Replacement Lien, Superpriority Claim and Pre-Petition Lender Professional Fees, the "Adequate Protection Obligations"). For the avoidance of doubt, (A) in the event it is subsequently determined that the Pre-Petition Lender is undersecured and the Pre-Petition Lender is not entitled to the accrual of any post-petition interest, any post-petition interest paid to the Pre-Petition Lender shall be re-allocated to payment of principal amount of the Pre-Petition Obligations and (B) interest on the Pre-Petition Obligations shall accrue at the default rate at all times following the Petition Date.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Interim Order: (a) any Debtor's failure to perform, in any respect, any of its obligations under this Interim Order; or (b) an "Event of Default" under the DIP Credit Agreement or any of the other DIP Loan Documents, including but not limited to any failure to comply with the Milestones.

3.2 Rights and Remedies upon Event of Default. Upon the occurrence of and during the continuance of an Event of Default, (a) the Debtors shall be bound by all restrictions,

prohibitions and other terms as provided in this Interim Order, the DIP Credit Agreement and the other DIP Loan Documents, and (b) the DIP Lender shall be entitled to take any act or exercise any right or remedy (subject to Paragraph 3.4 below) as provided in this Interim Order or any DIP Loan Document, as applicable, including, without limitation, declaring all Post-Petition Obligations immediately due and payable, accelerating the Post-Petition Obligations, ceasing to extend Loans, setting off any Post-Petition Obligations with Collateral or proceeds in the DIP Lender's possession, and enforcing any and all rights with respect to the Collateral. Except as expressly set forth in Paragraph 2.4, the DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of Debtors, or provide any other financial accommodations to Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

3.3 Expiration of Loan Commitment. Upon the earlier of (a) expiration of Borrowers' authority to borrow and obtain other credit accommodations from the DIP Lender pursuant to the terms of this Interim Order and the DIP Loan Documents (except if such authority shall be extended with the prior written consent of the DIP Lender, which consent shall not be implied or construed from any action, inaction or acquiescence by the DIP Lender), and (b) the delivery by the DIP Lender of written notice pursuant to Section 13.4 of the DIP Credit Agreement upon the occurrence of an Event of Default, above, all of the Post-Petition Obligations shall immediately become due and payable and the DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to Debtors or permit the use of Cash Collateral.

3.4 Modification of Automatic Stay. The automatic stay provisions of Section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit the DIP Lender and the Borrowers to perform, immediately upon entry of this Interim Order and at any time thereafter, any act authorized or permitted under or by virtue of this Interim Order or the DIP Loan Documents, as applicable, including, without limitation, (a) to implement the post-petition financing arrangements authorized by this Interim Order and pursuant to the terms of the DIP Loan Documents, (b) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the Collateral, and (c) to assess, charge, collect, advance, deduct and receive payments with respect to the Pre-Petition Obligations or the Post-Petition Obligations, as applicable, including, without limitation, all interests, fees, costs and expenses permitted under the DIP Loan Documents (subject to Paragraph 5.12 of this Interim Order) and apply such payments to the Pre-Petition Obligations or Post-Petition Obligations pursuant to the DIP Loan Documents and this Interim Order, as applicable. Without limiting the foregoing, upon the occurrence of an Event of Default and the DIP Lender providing four (4) business days (the "Default Notice Period") prior written notice, which period may be extended by written agreement (including e-mail) of the Borrowers and the DIP Lender, (the "Enforcement Notice") to (i) counsel for the Loan Parties, (ii) counsel for the Committee (if appointed), and (iii) the U.S. Trustee, the DIP Lender shall be entitled without further notice, application or order of the Court to take any action and exercise all other rights and remedies provided to it by this Interim Order, the DIP Loan Documents or applicable law that the DIP Lender may deem appropriate in its sole discretion to proceed against and realize upon the Collateral or any other assets or properties of Debtors' Estates upon which the DIP Lender has been or may hereafter be granted

liens or security interests to obtain the indefeasible repayment in full of all Post-Petition Obligations. Notwithstanding anything to the contrary, any action that the DIP Lender is otherwise permitted to take pursuant to this Interim Order to (i) terminate the commitments under the DIP Loan Documents, (ii) accelerate the Loans, (iii) send blocking notices or activation notices pursuant to the terms of any Blocked Account Agreement, (iv) repay any amounts owing in respect of the Post-Petition Obligations (including, without limitation, fees, indemnities and expense reimbursements) and (v) cash collateralize letters of credit and bank products issued pursuant to the DIP Loan Documents, in each case, shall not require any advance notice to the Debtors. During the Default Notice Period, the Debtors and the Committee (if appointed) shall be entitled to seek an emergency hearing, and the DIP Lender shall consent to such emergency hearing within the Default Notice Period; *provided* that the sole issue that may be raised by the Debtors at such hearing is whether an Event of Default has occurred and/or is continuing, and the Debtors hereby waive their right to and shall not seek relief at such hearing, including under Section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the DIP Lender set forth in this Interim Order or the DIP Loan Documents.

Section 4. Representations; Covenants; and Waivers.

4.1 Effect of Stipulations on Third Parties.

(a) Subject to Paragraph 4.1(b) hereof, each stipulation, admission, and agreement contained in this Interim Order including, without limitation, the Stipulations, shall be binding upon the Debtors, their Estates and any successor thereto (including, without limitation, any chapter 7 or chapter 11 trustee appointed or elected for any of the Debtors) under all circumstances and for all purposes, and the Debtors are deemed to have irrevocably waived and relinquished all Challenges (as defined herein) as of the date of the Petition Date.

(b) Nothing in this Interim Order shall prejudice the rights of any Committee or any other party in interest, if granted standing by the Court, to seek, solely in accordance with the provisions of this Paragraph 4.1, to assert claims against the Pre-Petition Lender on behalf of the Debtors or the Debtors' creditors or to otherwise challenge the Stipulations, including, but not limited to those in relation to (i) the validity, extent, priority, or perfection of the security interests, and liens of the Pre-Petition Lender, (ii) the validity, allowance, priority, or amount of the Pre-Petition Obligations, or (iii) any liability of the Pre-Petition Lender with respect to anything arising from the Pre-Petition Loan Documents. Notwithstanding the immediately preceding sentence, any Committee or any other party in interest must, after obtaining standing approved by the Court, commence a contested matter or adversary proceeding raising such claim, objection, or challenge, including, without limitation, any claim or cause of action against the Pre-Petition Lender, (each, a "Challenge") no later than (i) with respect to any Committee, the date that is sixty (60) days after the Committee's formation, (ii) if no Committee is appointed, then with respect to other parties in interest, no later than the date that is seventy-five (75) days after the entry of this Interim Order, or (iii) with respect to any chapter 11 trustee appointed in the Chapter 11 Cases, or any chapter 7 trustee appointed in case of conversion of the Chapter 11 Cases (a "Successor Case"), prior to the expiration of the periods set forth in subsections (i) and (ii) above, no later than the date that is the later of (A) fourteen (14) days after the appointment of such trustee or (B) the expiration of the time periods set forth in the foregoing subsections (i) and (ii) above (collectively, the "Challenge Period"). The Challenge Period may only be extended with the written consent of the Pre-Petition Lender prior to the expiration of the Challenge Period, and for the avoidance of doubt, any such extension shall only apply to the Pre-Petition Lender providing such written consent, as applicable. Only those parties in interest who commence a Challenge within the

Challenge Period may prosecute such Challenge. As to (x) any parties in interest, including any Committee, who fail to file a Challenge within the Challenge Period, or if any such Challenge is filed and overruled or otherwise finally resolved or adjudicated in favor of the Pre-Petition Lender or (y) any and all matters that are not expressly the subject of a timely Challenge: (1) any and all such Challenges by any party (including, without limitation, any Committee, any chapter 11 trustee, any examiner or any other estate representative appointed in the Debtors' Chapter 11 Cases, or any chapter 7 trustee, any examiner or any other estate representative appointed in any Successor Case), shall be deemed to be forever waived and barred, (2) all of the findings, Stipulations, waivers, releases, affirmations, and other stipulations shall be of full force and effect and forever binding upon the Debtors' bankruptcy estates and all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases, and (3) any and all claims or causes of action against the Pre-Petition Lender shall be released by the Debtors' estates, all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases.

(c) Nothing in this Interim Order vests or confers on any person (as defined in the Bankruptcy Code), including any Committee, standing or authority to pursue any cause of action belonging to the Debtors or their Estates, including, without limitation, any Challenge with respect to the Post-Petition Obligations or the Pre-Petition Obligations.

(d) Notwithstanding anything to the contrary set forth herein, in any pleading, or filing, any DIP Loan Document or otherwise, prior to the expiration of the Challenge Period no act or omission by or on behalf of Pre-Petition Lender or the DIP Lender shall be construed as a waiver of any rights or remedies with respect any Loan Party or any of their respective, successors

and assigns, present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives.

4.2 Debtors' Waivers. At all times during the Chapter 11 Cases, and whether or not an Event of Default has occurred, the Debtors irrevocably waive any right that they may have to seek further authority (a) to use Cash Collateral of the DIP Lender or the Pre-Petition Lender under Section 363 of the Bankruptcy Code, other than as provided in the Interim Order or as may be otherwise expressly permitted pursuant to the DIP Loan Documents or other agreement with or consent of the DIP Lender or the Pre-Petition Lender, as applicable, (b) to obtain post-petition loans or other financial accommodations pursuant to Section 364(c) or 364(d) of the Bankruptcy Code that does not provide for the indefeasible repayment in full of all Pre-Petition Obligations and Post-Petition Obligations in cash at the time any such post-petition loans or financial accommodations are provided, extended or otherwise made available to Debtors, (c) to challenge, contest or otherwise seek to impair or object to the validity, extent, enforceability or priority of the DIP Lender's post-petition liens and claims, (d) to challenge the application of any payments authorized by this Interim Order as pursuant to Section 506(b) of the Bankruptcy Code, or to assert that the value of the Pre-Petition Collateral is less than the Pre-Petition Obligations, (e) to propose, support or have a plan of reorganization or liquidation that does not provide for the indefeasible payment in cash in full and satisfaction of all Post-Petition Obligations (other than unmatured indemnity obligations for which claims (i) have not been asserted and (ii) are not reasonably expected to be asserted at any time in the future) on the effective date of such plan in accordance with the terms and conditions set forth in the DIP Credit Agreement, (f) subject to entry of the Final Order, to surcharge the Collateral or the Pre-Petition Collateral pursuant to 506(c) of the Bankruptcy Code or (g) to seek relief under the Bankruptcy Code, including without

limitation, under Section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of the DIP Lender as provided in this Interim Order and the DIP Loan Documents or the DIP Lender's exercise of such rights or remedies (other than to object to the exercise of the rights and remedies within the Default Notice Period on the grounds set forth in Section 3.4 of this Interim Order); provided, however, that the DIP Lender may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lender; provided further, however, that nothing herein shall prohibit the Debtors from obtaining post-petition loans or other financial accommodations pursuant to Section 364(c) or 364(d) of the Bankruptcy Code if the proceeds of such financing are used to indefeasibly pay (i) all Pre-Petition Obligations and the Pre-Petition Obligations are satisfied in full in accordance with the terms of the Pre-Petition Credit Agreement and the other Pre-Petition Loan Documents, and (ii) all Post-Petition Obligations are satisfied in full in accordance with the terms of the DIP Credit Agreement and the other DIP Loan Documents.

4.3 Section 506(c) Claims. Subject to entry of the Final Order granting such relief, no costs or expenses of administration which have or may be incurred in the Chapter 11 Cases shall be charged against the DIP Lender, the Pre-Petition Lender, or their respective claims or the Collateral or the Pre-Petition Collateral pursuant to § 506(c) of the Bankruptcy Code without the prior written consent of such agent or lender, and no such consent shall be implied from any other action, inaction or acquiescence by the DIP Lender, or the Pre-Petition Lender.

4.4 Collateral Rights. Until all Post-Petition Obligations shall have been indefeasibly paid and satisfied in full in accordance with the terms of the DIP Credit Agreement and the other DIP Loan Documents:

(a) no party other than the DIP Lender shall foreclose or otherwise seek to enforce any junior lien or claim in Collateral; and

(b) upon and after the declaration of the occurrence of an Event of Default, and subject to the expiration of the Default Notice Period, in connection with a liquidation of any of the Collateral or the DIP Lender's exercise of remedies in respect of the Collateral, the DIP Lender (or any of its employees, agents, consultants, contractors or other professionals) shall have the right, at the sole cost and expense of the Loan Parties, to: (i) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by Debtors and (ii) use any and all trademarks, trade names, copyrights, licenses, patents or any other similar assets of Debtors, which are owned by or subject to a lien of any third party and which are used by Debtors in their businesses. The DIP Lender will be responsible for the payment of any applicable fees, rentals, royalties or other amounts due such lessor, licensor or owner of such property for the period of time that the DIP Lender actually uses the equipment or the intellectual property (but in no event for any accrued and unpaid fees, rentals or other amounts due for any period prior to the date that the DIP Lender actually occupies or uses such assets or properties or for any fees, rentals or other amounts that may become due following the end of the DIP Lender's occupation or use).

4.5 Releases. Subject to Section 4.1 above, each Debtor, on behalf of itself and its successors and assigns (collectively, the "Releasors"), hereby forever releases, discharges and acquits the Pre-Petition Lender, and its successors and assigns, present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives in their respective capacities as such (collectively, the "Pre-Petition Releasees") of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of

action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have or hereafter can or may have against Pre-Petition Releasees, or any of them, as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Pre-Petition Obligations, the Pre-Petition Loan Documents and any Loans, Credit Facilities, the L/C Facility, the Mastercard Facility and other Obligations (as such terms are defined in the Pre-Petition Credit Agreement) or other financial accommodations made by any Pre-Petition Releasee to any Debtor. In addition, notwithstanding anything to the contrary set forth herein, upon the repayment of all Post-Petition Obligations owed to the DIP Lender by Debtors and termination of the rights and obligations arising under the DIP Loan Documents (which payment and termination shall be on terms and conditions acceptable to the DIP Lender), the DIP Lender shall be released from any and all obligations, liabilities, actions, duties, responsibilities and causes of action arising or occurring, on or prior to the date of such repayment and termination, in connection with or related to the Debtors, DIP Loan Documents, this Interim Order or the Final Order (including without limitation any obligation or responsibility whether direct or indirect, absolute or contingent, due or not due, primary or secondary, liquidated or unliquidated to pay or otherwise fund the Carve-Out and/or the Professional Fee Carve-Out).

Section 5. Other Rights and Post-Petition Obligations.

5.1 No Modification or Stay of This Interim Order. Notwithstanding (a) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Interim Order, the DIP Loan Documents or any term hereunder or thereunder, (b) the failure to obtain a Final Order pursuant to Bankruptcy Rule 4001(c)(2), or (c) the dismissal or conversion of one or more of the Chapter 11 Cases (each, a "Subject Event"), (x) the acts taken by the DIP Lender in accordance with this Interim Order, and (y) the Post-Petition Obligations incurred or arising prior

to the DIP Lender's actual receipt of written notice from Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in all respects by the original provisions of this Interim Order, and the acts taken by the DIP Lender in accordance with this Interim Order, and the liens granted to the DIP Lender in the Collateral, and all other rights, remedies, privileges, and benefits in favor of the DIP Lender pursuant to this Interim Order and the DIP Loan Documents shall remain valid and in full force and effect pursuant to Section 364(e) of the Bankruptcy Code. For purposes of this Interim Order, the term "appeal", as used in Section 364(e) of the Bankruptcy Code, shall be construed to mean any proceeding for reconsideration, amending, rehearing, or re-evaluating this Interim Order by this Court or any other tribunal.

5.2 Power to Waive Rights; Duties to Third Parties. The DIP Lender shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Interim Order that are in favor of the DIP Lender (the "DIP Lender Rights") and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any DIP Lender Right(s). Any waiver by the DIP Lender of any DIP Lender Rights shall not be or constitute a continuing waiver unless expressly specified in writing by the DIP Lender. Any delay in or failure to exercise or enforce any DIP Lender Right shall neither constitute a waiver of such DIP Lender Right, subject the DIP Lender to any liability to any other party, nor cause or enable any party other than the Debtors to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtors to the DIP Lender.

5.3 Disposition of Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the Collateral, other than pursuant to the terms of

the DIP Loan Documents, without the prior written consent of the DIP Lender (and no such consent shall be implied, from any other action, inaction or acquiescence by the DIP Lender).

5.4 Inventory. The Debtors shall not, without the consent of the DIP Lender, (a) enter into any agreement to return any inventory to any of their creditors for application against any pre-petition indebtedness under any applicable provision of Section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its pre-petition indebtedness based upon any such return pursuant to Section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. The terms, conditions and provisions of this Interim Order are in addition to and without prejudice to the rights of the DIP Lender to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Loan Documents or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the Collateral, as applicable, or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professional Persons or other parties seeking compensation or reimbursement from the Estates.

5.6 Binding Effect.

(a) The provisions of this Interim Order and the DIP Loan Documents, the Post-Petition Obligations, the DIP Loan Superpriority Claim, the Superpriority Claim and any and all rights, remedies, privileges and benefits in favor of the DIP Lender provided or acknowledged in this Interim Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Interim Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect, and shall survive entry of any such other

order, including without limitation any order which may be entered confirming any plan of reorganization, converting one or more of the Chapter 11 Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Chapter 11 Cases.

(b) Any order dismissing one or more of the Chapter 11 Cases under Section 1112 or otherwise shall be deemed to provide (in accordance with §§ 105 and 349 of the Bankruptcy Code) that (a) the DIP Loan Superpriority Claim and the DIP Lender's liens on and security interests in the Collateral and all other claims, liens, adequate protections and other rights granted pursuant to the terms of this Interim Order shall continue in full force and effect notwithstanding such dismissal until the Post-Petition Obligations are indefeasibly paid and satisfied in full, and (b) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing all such claims, liens, protections and rights.

(c) In the event this Court modifies any of the provisions of this Interim Order or the DIP Loan Documents following a Final Hearing, such modifications shall not affect the rights or priorities of the DIP Lender or its interests in the Collateral authorized by or otherwise set forth in this Interim Order with respect to the Collateral or any portion of the Post-Petition Obligations arising or incurred by the Loan Parties prior to such modification, and this Interim Order shall otherwise remain in full force and effect to such extent.

(d) This Interim Order shall be binding upon the Debtors, all parties in interest in the Chapter 11 Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Cases or any subsequently converted bankruptcy case(s) of any Debtor. This Interim Order shall also inure to the benefit of Debtors, the DIP Lender, and each of their respective successors and assigns.

5.7 Restrictions on Cash Collateral Use, Additional Financing, Plan Treatment.

(a) All post-petition advances and other financial accommodations under the DIP Credit Agreement and the other DIP Loan Documents are made in reliance on this Interim Order and there shall not at any time be entered in the Chapter 11 Cases, or in any subsequently converted case under chapter 7 of the Bankruptcy Code, any order (other than the Final Order) which (i) authorizes the use of cash collateral of Debtors in which the DIP Lender has an interest, or the sale, lease, or other disposition of property of any Debtor's Estate in which the DIP Lender has a lien or security interest, except as expressly permitted hereunder or in the DIP Loan Documents, or (ii) authorizes under Section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which the DIP Lender holds a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to the DIP Lender herein; unless, in each instance (x) the DIP Lender shall have given its express prior written consent with respect thereto, no such consent being implied from any other action, inaction or acquiescence by the DIP Lender, or (y) such other order requires that all Post-Petition Obligations shall first be indefeasibly paid and satisfied in full in accordance with the terms of the DIP Credit Agreement and the other DIP Loan Documents (other than unmatured indemnity obligations for which claims have not been asserted by the DIP Lender), including, without limitation, all debts and obligations of Debtors to the DIP Lender which arise or result from the obligations, loans, security interests and liens authorized herein, on terms and conditions acceptable to the DIP Lender. The security interests and liens granted to or for the benefit of the DIP Lender hereunder and the rights of the DIP Lender pursuant to this Interim Order and the DIP Loan Documents with respect to the Post-Petition Obligations, Collateral, and claims against the

Loan Parties are cumulative and shall not be altered, modified, extended, impaired, or affected by any plan of reorganization or liquidation of Debtors and shall continue after confirmation and consummation of any such plan unless (i) all Post-Petition Obligations indefeasibly paid in full prior to such time, or (ii) the DIP Lender expressly consents in writing authenticated by the DIP Lender to different treatment.

5.8 No Owner/Operator Liability. Subject to the entry of the Final Order granting such relief, the DIP Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute).

5.9 Marshalling. Subject to entry of the Final Order granting such relief, in no event shall the DIP Lender or the Pre-Petition Lender be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to the Collateral or the Pre-Petition Collateral. The DIP Lender shall each be entitled to all of the rights and benefits of Section 552(b) of the Bankruptcy Code, and, subject to entry of the Final Order, the "equities of the case" exception under Section 552(b) of the Bankruptcy Code shall not apply to the Pre-Petition Lender with respect to proceeds, products, offspring or profits of any of the Collateral, as applicable.

5.10 Right of Setoff. To the extent any funds were on deposit with Pre-Petition Lender as of the Petition Date, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with Pre-Petition Lender immediately prior to the filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the "Deposited Funds") are subject to

rights of setoff. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Pre-Petition Lender pursuant to §§ 506(a) and 553 of the Bankruptcy Code.

5.11 Right to Credit Bid.

(a) The DIP Lender shall have the right to "credit bid" the amount of its claims that are Post-Petition Obligations arising under the terms of the DIP Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code.

(b) The Pre-Petition Lender shall have the right to "credit bid" the amount of its and their claims that are Pre-Petition Obligations arising under the terms of the Pre-Petition Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code.

5.12 Payment and Review of Lender Fees and Expenses. Each Loan Party shall pay all fees, that may be reasonably required or necessary for the Loan Parties' performance of their Post-Petition Obligations under the DIP Credit Agreement, including, without limitation, the non-refundable payment to the (i) Pre-Petition Lender of the fees and expenses set forth in the Pre-Petition Loan Documents, whether incurred pre-petition or post-petition, including without limitation, all fees, costs, disbursements and expenses of Chapman and Cutler, LLP, as legal counsel, Womble Bond Dickinson (US) LLP, as legal counsel, Blake, Cassels & Graydon LLP, as Canadian legal counsel and FTI Consulting Canada Limited, as financial advisor, and (ii) the DIP Lender of the fees and expenses set forth in the DIP Loan Documents, whether incurred pre-

petition or post-petition including, without limitation the fees, costs, disbursements and expenses of Chapman and Cutler, LLP, as legal counsel, Womble Bond Dickinson (US) LLP, as legal counsel, Blake, Cassels & Graydon LLP, as Canadian legal counsel and FTI Consulting Canada Limited, as financial advisor, in each case whether incurred before or after the Petition Date; provided, that Debtors shall pay all such reasonable fees and expenses within ten (10) business days of delivery of a statement or invoice for such fees and expenses (it being understood that such statements or invoices shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtors, the U.S. Trustee and the Committee (if any), unless, within such ten (10) business day period, the Debtors, the U.S. Trustee or the Committee (if any) serves a written objection upon the requesting party detailing the specific fees or expenses to which such party objects along with an explanation for the basis of such objection, in which case, the Debtors shall immediately pay only such amounts that are not the subject of any objection and only pay the balance of such statements or invoices at such time and in such amount as subsequently agreed to by the requesting party and any objecting party or as otherwise ordered by the Court to be paid.

5.13 No Superior Rights of Reclamation. In no event shall any alleged right of reclamation or return (whether asserted under Section 546(c) of the Bankruptcy Code or otherwise) be deemed to have priority over the DIP Liens.

5.14 Term; Termination. Notwithstanding any provision of this Interim Order to the contrary, the term of the financing arrangements among Debtors and the DIP Lender authorized by this Interim Order may be terminated pursuant to the terms of the DIP Credit Agreement.

5.15 Limited Effect. In the event of a conflict between the terms and provisions of any of the DIP Loan Documents and this Interim Order, the terms and provisions of this Interim Order shall govern, interpreted as most consistent with the terms and provisions of the DIP Loan Documents.

5.16 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Interim Order, the DIP Credit Agreement, and the other DIP Loan Documents.

5.17 Aid and Assistance. The Court hereby requests the aid and assistance of the Canadian Court administering the Canadian Proceedings to (i) grant a stay of proceedings in the Canadian Proceedings restricting and prohibiting any further actions or steps being taken in Canada against any of the Collateral of the Debtors which may be located in Canada, and (ii) create a charge in favor of the DIP Lender to secure any Post-Petition Obligations of the Debtors which may be located in Canada in furtherance of the liens and security interests of the DIP Lender granted under the DIP Loan Documents and this Interim Order.

Section 6. Final Hearing and Response Dates.

The Final Hearing on the Motion is scheduled for [__], 2023, at _____ before this Court. The Debtors may serve the Motion and the Interim Order without the exhibits attached thereto as such exhibits are voluminous and available, free of charge, at the Debtors' restructuring

website (https://www.kccllc.net/structurlam), and such notice is deemed good and sufficient and no further notice need be given. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections, which objections shall be served upon (a) proposed counsel to the Debtors, (a) proposed counsel to the Debtors, Chipman Brown Cicero & Cole, LLP, Hercules Plaza, 1313 North Market Street, Suite 5400, Wilmington, Delaware 19801, Attn: William E. Chipman, Jr. (chipman@chipmanbrown.com); Robert A. Weber (weber@chipmanbrown.com); Mark L. Desgrosseilliers (desgross@chipmanbrown.com); and Mark Olivere (olivere@chipmanbrown.com); (b) counsel for the DIP Lender and Pre-Petition Lender, (i) Blake, Cassels & Graydon LLP, 855 - 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8, Attn: Kelly Bourassa (kelly.bourassa@blakes.com), Christopher Keliher (christopher.keliher@blakes.com), Erik Fleming (erik.fleming@blakes.com), and Austin Beck (Austin.Beck@blakes.com), (iii) Chapman and Cutler LLP, 320 South Canal Street, Chicago, Illinois 60606 (Attn: Stephen R. Tetro II and James P. Sullivan), email: stetro@chapman.comand jsulliva@chapman.com, and (iii) Womble Bond Dickinson (US) LLP, 1313 North Market Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Matthew P. Ward), email: matthew-ward@wbd-us.com; (c) counsel to any Committee; and (d) the U.S. Trustee, 844 King Street, Room 2207, Wilmington, Delaware 19801, Attn: Benjamin A. Hackman (Benjamin.a.hackman@usdoj.gov); and shall be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, in each case, to allow actual receipt of the foregoing no later than _____, prevailing Eastern time, on [__], 2023.

Dated: Wilmington, Delaware

_____, 2023

_____

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

DIP Credit Agreement

Execution Version

SENIOR SECURED SUPERPRIORITY DIP FINANCING CREDIT AGREEMENT

BETWEEN:

STRUCTURLAM MASS TIMBER CORPORATION
- and -
STRUCTURLAM MASS TIMBER U.S., INC., as Borrowers

-and-

BANK OF MONTREAL, as Lender

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THIS SENIOR SECURED SUPERPRIORITY DIP FINANCING CREDIT AGREEMENT is dated as of April ___, 2023

BETWEEN:

STRUCTURLAM MASS TIMBER CORPORATION, a corporation governed by the laws of the Province of British Columbia, having an office in Penticton, British Columbia, as Cdn. Borrower

AND

STRUCTURLAM MASS TIMBER U.S., INC., a corporation governed by the laws of the State of Delaware, having an office in Penticton, British Columbia, as U.S. Borrower

AND

BANK OF MONTREAL, as Lender

WHEREAS the Borrowers have requested that the Lender provide financing to fund certain of the Obligors' obligations during the pendency of the CCAA Proceedings and the U.S. Proceedings, in accordance with the terms and conditions set out herein; and

AND WHEREAS the Lender has agreed to establish a debtor-in-possession credit facility in order to fund certain obligations of the Obligors in the context of the Obligors' CCAA Proceedings and U.S. Proceedings on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

"**Acceleration Event**" has the meaning set out in Section 10.2 of this Agreement

"**Acceleration Notice**" has the meaning set out in Section 10.2 of this Agreement

"**Additional Compensation**" has the meaning set out in Section 11.1(a) of this Agreement.

"**Administration Charge**" means an administration charge in an aggregate amount not to exceed Cdn. $150,000 granted by the Canadian Court pursuant to the Initial Order over all present and future assets and property of the Obligors, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of an Obligor.

"**Advance**" means an advance of funds made by the Lender to a Borrower under this Agreement.

"**Affiliate**" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person; and, for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" or "under common control with") means the power to direct or cause

the direction of the management and policies of any Person, whether through the ownership of shares or other economic interests, the holding of voting rights or contractual rights or otherwise.

"**Agreed Budget**" means the weekly line item budget covering the period of at least 13 calendar weeks following the Effective Date annexed hereto as Schedule C, together with all amendments thereto approved by the Lender in writing in its sole and absolute discretion (for certainty, each Updated Budget contemplated to be delivered by the Borrowers hereby shall not constitute an amendment of the Agreed Budget unless approved by the Lender in writing in its sole and absolute discretion). The Agreed Budget shall be prepared on a cash-flow basis and shall include the payment of accrued professional fees to an escrow agent pursuant to procedures set forth more fully in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, such professional fees shall be held by the agreed escrow agent until such time as they may be distributed to the relevant professionals in accordance with the orders of the U.S. Court. As used in this Agreement, and notwithstanding anything contained herein to the contrary, any requirements set forth herein for the Obligors to comply (including in respect of expenditures or use of proceeds) with the Agreed Budget shall be deemed to mean compliance with Agreed Budget subject to any permitted variance contemplated by this Agreement.

"**Agreement**" means this senior secured superpriority DIP financing credit agreement and all Schedules annexed hereto, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Alternative Restructuring Option**" means any transaction involving the refinancing or recapitalization of an Obligor or any other restructuring of the Obligors' businesses and operations to be implemented pursuant to a Plan.

"**Anti-Money Laundering Laws and Regulations**" means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the USA PATRIOT Act, the U.S. Money Laundering Control Act of 1986, the U.S. Currency and Foreign Transactions Reporting Act of 1970 (the U.S. Bank Secrecy Act), and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know-your-client" laws applicable in Canada or the United States and corresponding laws of jurisdictions in which any Obligor operates or in which the proceeds of the Loans will be used or from which repayments of the Secured Obligations will be derived.

"**APA**" means documentation evidencing a sale of all or substantially all of the assets of the Obligors pursuant to Section 363 of the U.S. Bankruptcy Code or otherwise.

"**APA Closing**" means the closing of the APA.

"**Applicable Laws**" or "**applicable law**" means, in relation to any Person, transaction or event, (a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority and (b) all Governmental Authorizations to which the Person is a party or by which it or its property is bound or having application to the transaction or event.

"**Applicable Pricing Margin**" means, (a) in respect of any Loan, 14% per annum, and (b) any standby fees payable under Section 5.5, 2.8% per annum, provided that (i) the above rates per annum are expressed on the basis of a year of 365 days; (ii) the standby fee will accrue on the daily undrawn portion of the Credit Facility and will be payable in arrears in accordance with Section 5.5; and (iii) upon the occurrence and during the continuance of any Default or Event of Default, the Applicable Pricing Margin specified in clause (a) of this definition will increase by 3% per annum.

"**Approved Fund**" means any Fund that is administered or managed by (a) the Lender, (b) an Affiliate of the Lender or (c) a Person or an Affiliate of a Person that administers or manages the Lender.

"**Approved Sale**" means the sale of all or substantially all of the assets of the Obligors pursuant to one or more sales approved by the Canadian Court and the U.S. Court and consented to by the Lender; provided, that no such consent of the Lender shall be required to the extent that the proceeds of an Approved Sale result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement upon the closing of such Approved Sale.

"**Approved Securities**" means obligations maturing within one year from their date of purchase or other acquisition by the Borrowers (or either of them) and which are (a) issued by the Government of Canada, by the government of any Province of Canada or, in each case, an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the Government of Canada or the government of such Province or (b) term deposits, guaranteed investment certificates, certificates of deposit or bearer deposit notes, in each case, of any Canadian chartered bank or other Canadian financial institution which has a long term debt rating of at least A+ by S&P, A1 by Moody's, or A (high) by DBRS.

"**Attributable Debt**" means, in respect of any lease (whether characterized as an operating lease under GAAP or not) entered into by a Person as lessee, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) but excluding for certainty, (a) amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labour costs and similar charges and (b) amounts payable by the lessee in connection with the exercise of any end-of-term purchase option, early buyout option or any similar amounts payable at the election of the lessee.

"**Banking Day**" means, (a) in respect of any U.S. $ Loan, a day on which banks are open for business in Vancouver, British Columbia, Toronto, Ontario and New York, New York, and (b) for all other purposes, a day on which banks are open for business in Vancouver, British Columbia and Toronto, Ontario, but does not in any event include a Saturday or a Sunday.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy".

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada).

"**Borrowers**" means, collectively, the Cdn. Borrower and the U.S. Borrower, and "**Borrower**" means either of them.

"**Canadian Court**" means the Supreme Court of British Columbia.

"**Canadian Dollars**" and "**Cdn. $**" mean the lawful money of Canada.

"**Capital Expenditures**" means, for any period, all amounts that would be included as additions to property, plant and equipment and other capital expenditures on a combined consolidated statement of cash flows of the Borrowers, or on an unconsolidated statement of cash flows of the relevant Borrower, as applicable, during such period in accordance with GAAP (excluding capitalized interest but including the amount of assets leased under any Capital Lease).

"**Capital Lease**" means any leasing or similar arrangement which, in accordance with GAAP in effect prior to the adoption of IFRS 16, is classified as a capital lease or finance lease.

"**Carve-Out**" means the "Carve-Out" as described and defined in the Interim U.S. DIP Order and Final U.S DIP Order, as applicable.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**CCAA Proceedings**" means the proceedings to be commenced in Canada by the Obligors before the Canadian Court pursuant to the CCAA.

"**Cdn. Borrower**" means Structurlam Mass Timber Corporation.

"**Cdn. $ Loan**" means an Advance in Canadian Dollars made by the Lender to a Borrower.

"**CFTC**" means the U.S. Commodity Futures Trading Commission.

"**Code**" means the *United States Internal Revenue Code of 1986*, as amended from time to time.

"**Collateral**" has the meaning set forth in the definition of "Lender Charge" in this Agreement.

"**Credit Facility**" means the debtor-in-possession credit facility, including availability under the MasterCard Facilities (as defined in the Pre-Filing Secured Credit Agreement) up to the amounts of Cdn. $25,000 and U.S. $20,000, respectively, in the maximum principal amount of (1) Cdn. $4,000,000 to be made available by the Lender to the Borrowers under this Agreement and the Interim U.S. DIP Order and (2) Cdn. $3,500,000 to be made available by the Lender to the Borrowers under this Agreement and the Final U.S. DIP Order and, in each case, subject to the terms hereof.

"**Credit Facility Indebtedness**" means all Debt, liabilities and obligations of the Borrowers to the Lender with respect to the Credit Facility arising under this Agreement and any other Documents, including without limitation, all Loans and all interest, fees, costs, expenses and other amounts of any nature or kind payable by the Borrowers (or either of them).

"**DBRS**" means Dominion Bond Rating Service Limited and any successors thereto.

"**Debt**" means, with respect to any Person ("X"), all obligations, liabilities and indebtedness of X which would, in accordance with GAAP, be classified upon a consolidated balance sheet of X as liabilities of X and its Subsidiaries (or be classified upon an unconsolidated balance sheet of X as liabilities of X, if Debt is to be determined on an unconsolidated basis for X) and, whether or not so classified, shall include (without duplication):

(a) indebtedness of X and its Subsidiaries (or of X on an unconsolidated basis) for borrowed money;

(b) obligations of X and its Subsidiaries (or of X on an unconsolidated basis) arising pursuant or in relation to: (i) bankers' acceptances (including payment and reimbursement obligations in respect thereof), or (ii) letters of credit and letters of guarantee supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;

(c) obligations of X and its Subsidiaries (or of X on an unconsolidated basis) with respect to drawings under all other letters of credit and letters of guarantee;

(d) obligations of X and its Subsidiaries (or of X on an unconsolidated basis) under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to

the indebtedness or other obligations of any other Person which would otherwise constitute Debt within the meaning of this definition and all Financial Assistance including endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);

(e) (i) all indebtedness of X and its Subsidiaries (or of X on an unconsolidated basis) representing the deferred purchase price of any property to the extent that such indebtedness is or remains unpaid after the expiry of the customary time period for payment, provided however that such time period shall in no event exceed 90 days, and (ii) all obligations of X and its Subsidiaries (or of X on an unconsolidated basis) created or arising under any: (A) conditional sales agreement or other title retention agreement or (B) Capital Lease;

(f) all Attributable Debt of X and its Subsidiaries (or of X on an unconsolidated basis) other than in respect of (i) leases of office space or (ii) operating leases, in each case entered into in the ordinary course of business (and, for certainty, no Sale-Leaseback shall be considered to be entered into in the ordinary course of business);

(g) all other long-term obligations (including the current portion thereof) upon which interest charges are customarily paid prior to default by X and its Subsidiaries (or by X if on an unconsolidated basis); and

(h) all indebtedness of other Persons secured by a Security Interest on any asset of X and its Subsidiaries (or of X if on an unconsolidated basis), whether or not such indebtedness is assumed thereby; provided that the amount of such indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination, and (ii) the amount of such indebtedness shall only be Debt to the extent recorded as a liability in accordance with GAAP,

but shall exclude each of the following, determined (as required) in accordance with GAAP:

(i) accounts payable to trade creditors and accrued liabilities incurred in the ordinary course of business;

(ii) current taxes payable and future taxes; and

(iii) accrued interest not yet due and payable.

"**Default**" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"**Designated Persons**" means a person or entity (a) listed in the annex to, or otherwise subject to the provisions of, any Executive Order; (b) named as a "Specially Designated National and Blocked Person" ("**SDN**") on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list (the "**SDN List**") or is otherwise the subject of any Sanctions Laws and Regulations; (c) in which an entity or person on the SDN List has 50% or greater ownership interest or that is otherwise controlled by an SDN.

"**Distribution**" means:

(a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any Equity Interests in the capital of a Borrower or any other Obligor that is not wholly owned by a Borrower (including any return of capital);

(b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any limited partnership units or other Equity Interests in the capital of a Borrower or any other Obligor that is not wholly-owned by a Borrower or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares or other Equity Interests in the capital thereof, including, without limitation, options, warrants, conversion or exchange privileges and similar rights;

(c) the making of any loan or advance or any other provision of credit or Financial Assistance by any Obligor to any Related Party, other than to another Obligor;

(d) the payment of any principal, interest, fees or other amounts, or the redemption, exchange, purchase, retirement, defeasance, sinking fund or similar payment any loans, on or in respect of (i) subordinated debt or (ii) advances or other Debt, owing at any time by any Obligor to any Related Party, other than to another Obligor; or

(e) (i) the payment of any amount, (ii) the sale, transfer, lease or other disposition of any property or assets, or (iii) any granting or creation of any rights or interests, at any time, by any Obligor to or in favour of any Related Party, other than to another Obligor, and whether any of the foregoing is made, paid or satisfied in or for cash, property or any combination thereof.

"**Documents**" means this Agreement, the Security, and all certificates, notices, instruments and other documents delivered or to be delivered to the Lender in connection herewith or therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing.

"**Drawdown**" means an Advance of a Cdn. $ Loan or U.S. $ Loan.

"**Drawdown Date**" means the date on which a Drawdown is made by a Borrower pursuant to the provisions of this Agreement and which shall be a Banking Day.

"**Drawdown Notice**" means a notice substantially in the form annexed to this Agreement as Schedule A to be given to the Lender by a Borrower pursuant to this Agreement.

"**Effective Date**" has the meaning set forth in Section 3.1.

"**Environmental Claims**" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of noncompliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including, without limitation:

(a) any claim by a Governmental Authority for enforcement, clean up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and

(b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials,

including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.

"**Environmental Laws**" means all Applicable Laws with respect to the environment or environmental or public health and safety matters contained in statutes, regulations, rules, ordinances, orders, judgments, approvals, notices, permits or policies, guidelines or directives having the force of law.

"**Equity Interests**" means, with respect to any Person, (a) shares of capital stock of (or other ownership or profit interests in) such Person, (b) warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, (c) securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and (d) other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), in each case, whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"**Equivalent Amount**" means, on any day, the equivalent amount in Canadian Dollars or United States Dollars, as the case may be, after giving effect to a conversion of a specified amount of United States Dollars to Canadian Dollars or of Canadian Dollars to United States Dollars, as the case may be, at the rate of exchange for Canadian interbank transactions established by the Bank of Canada for the Banking Day immediately prior to the day in question, or, if such rate is for any reason unavailable, at the spot rate quoted for wholesale transactions involving the applicable currency by the Lender at approximately noon (Toronto time) on that day in accordance with its normal practice.

"**ERISA**" means the Employee Retirement Income Security Act of 1974 of the United States of America, as amended from time to time, and any successor statute.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that, together with any Obligor, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code; provided that, for certainty, an ERISA Affiliate shall only include those entities owned by Holdco, directly or indirectly.

"**ERISA Event**" means:

(a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder as in effect on the Effective Date with respect to a Pension Plan (other than an event for which the 30-day notice period is waived under such regulations);

(b) the failure to meet the minimum funding standards of Section 412 or 430 of the Code;

(c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan;

(d) the incurrence by Holdco or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Pension Plan;

(e) the receipt by Holdco or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or Pension Plans or to appoint a trustee to administer any Pension Plan;

(f) the incurrence by Holdco or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan;

(g) the incurrence by Holdco or any of its ERISA Affiliates of any liability under Section 4062(e) of ERISA;

(h) the receipt by Holdco or any ERISA Affiliate of any notice assessing Withdrawal Liability in connection with a complete or partial withdrawal from any Multiemployer Plan, or a determination that a Multiemployer Plan is, or is expected in the current Plan Year or the immediately succeeding Plan Year to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or

(i) the conditions exist for an imposition of a lien under Section 303(k) of ERISA.

"**Event of Default**" has the meaning set out in Section 10.1.

"**Executive Order**" has the meaning assigned to such term in the definition of Sanctions Laws and Regulations.

"**Exit Fee**" has the meaning set forth in Section 5.6.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"**Final U.S. DIP Order**" means a final order of the U.S. Court presiding over U.S. Proceedings (i) approving liens in favor of the Lender on assets of the Obligors and super-priority claims against the Obligors and (ii) granting adequate protection to Pre-Filing Secured Creditor under the Pre-Filing Secured Credit Agreement, which order shall be satisfactory to the Lender and substantially consistent in form and substance (except with regard to finality) with the Interim U.S. DIP Order.

"**Financial Assistance**" means, with respect to any Person and without duplication, any loan, guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, investment or other form of direct or indirect financial assistance or support of any other Person or any obligation (contingent or otherwise) primarily for the purpose of enabling another Person to incur or pay any Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other Person against loss in respect of Debt of the other Person and includes any guarantee of or indemnity in respect of the Debt of the other Person and any absolute or contingent obligation to (directly or indirectly):

(a) advance or supply funds for the payment or purchase of any Debt of any other Person;

(b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any Person to make payment of Debt or to assure the holder thereof against loss;

(c) guarantee, indemnify, hold harmless or otherwise become liable any creditor of any other Person from or against any losses, liabilities or damages in respect of Debt;

(d) make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof to that Person; or

(e) make an advance, loan or other extension of credit to or to make any subscription for equity, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another Person.

The amount of any Financial Assistance is the amount of any loan or direct or indirect financial assistance or support, without duplication, given, or all Debt of the obligor to which the Financial Assistance relates, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

"**Financial Instrument**" means any instrument or agreement which effects a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions).

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**GAAP**" means generally accepted accounting principles in Canada, which shall be deemed to be reference to the recommendations at the relevant time of the Chartered Professional Accountants of Canada (or any successor institute thereto) applicable on a consolidated basis (unless otherwise specifically provided or contemplated in this Agreement) as at the date on which any determination or calculation is made or required to be made in accordance with such principles, which, for purposes of this Agreement is determined to be Canadian accounting standards for private enterprises (ASPE), applied on a consistent basis.

"**Governmental Authority**" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal, accreditation entity or authority thereof or other political subdivision thereof and any entity or Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"**Governmental Authorization**" means an authorization, accreditation, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

"**Guarantee**" means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any Person; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation; and the term "**Guaranteed**" shall be construed accordingly.

"**Guarantors**" means, (a) with respect to all Secured Obligations of the Borrowers, (i) Holdco and (ii) all present and future Subsidiaries of the Borrowers (or of either of them), (b) with respect to all Secured Obligations of the Cdn. Borrower, the U.S. Borrower, and (c) with respect to all Secured Obligations of the U.S. Borrower, the Cdn. Borrower, and "**Guarantor**" means any one of them.

"**Hazardous Materials**" means any substance or mixture of substances which, if released into the environment, would likely cause, immediately or at some future time, harm or degradation to the environment or to human health or safety and includes any substance defined as or determined to be a pollutant, contaminant, waste, hazardous waste, hazardous chemical, hazardous substance, toxic substance or dangerous good under any Environmental Law.

"**Holdco**" means SLP Holdings Ltd., the corporation which legally and beneficially owns 100% of the Equity Interests of the Cdn. Borrower, and which legally and beneficially owns 100% of the Equity Interests of the U.S. Borrower.

"**Indemnified Parties**" means the Lender, including a receiver, receiver manager or similar Person appointed under applicable law, and their respective shareholders, Affiliates, officers, directors, employees and agents, and "**Indemnified Party**" means any one of the foregoing.

"**Indemnified Third Party**" has the meaning set out in Section 12.3 of this Agreement.

"**Information**" has the meaning set out in Section 13.3(b) of this Agreement.

"**Information Officer**" means Alvarez & Marsal Canada Inc., in its capacity as court appointed information officer of the Obligors.

"**Initial Order**" means an initial recognition order and supplemental order of the Canadian Court substantially in the form annexed hereto as Schedule D and otherwise in form and substance satisfactory to the Lender that, among other things, (i) recognizes the Foreign Representative as a "foreign representative" of the Obligors pursuant to the provisions of the CCAA, (ii) recognizes the U.S. Proceedings as foreign main or foreign nonmain proceedings in respect of each of the Obligors pursuant to the provisions of the CCAA, (iii) recognizes and gives effect to certain orders granted in the U.S. Proceedings, including, among other things, the Interim U.S. DIP Order and the Cash Management Order, (iv) grants the Lender Charge (subject only to Permitted Priority Liens and the Carve-Out), and (v) appoints the Information Officer, as information officer (as such order or orders may be amended, modified, varied or restated with the consent of the Lender).

"**Intellectual Property**" means, collectively, patents, patents pending, copyrights, proprietary processes or programs, industrial designs, trademarks, trademark applications, trade names and other intellectual property of every nature and kind.

"**Interest Payment Date**" means, with respect to each Loan, the last Banking Day of each calendar month; provided that, the Maturity Date or, if applicable, any earlier date on which the Credit Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Loans then outstanding under the Credit Facility.

"**Interest Period**" means, with respect to each Loan, the period commencing on the applicable Drawdown Date and terminating on the date selected by the relevant Borrower under this Agreement for the repayment of such Loan, provided that the last day of all Interest Periods for Loans outstanding under the Credit Facility shall expire on or prior to the Maturity Date.

"**Interim U.S. DIP Order**" means an interim order of the U.S. Court presiding over U.S. Proceedings authorizing the Obligors to enter into this agreement and, *inter alia*, (i) approving liens in favor of the Lender on assets of the Obligors and super-priority claims against the Obligors and (ii) granting adequate protection to Pre-Filing Secured Creditor under the Pre-Filing Secured Credit Agreement, which order shall be satisfactory to the Lender and substantially in the form annexed hereto as Schedule F.

"**Interpretive Guidance**" means the *Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations*, 78 Fed. Reg. 45292 (July 26, 2013), as amended or supplemented by the CFTC from time to time.

"**Investment**" means (a) any purchase or other acquisition of shares or other securities of any Person, (b) any form of Financial Assistance to or for the benefit of any Person, (c) any capital contribution to any other Person and (d) any purchase or other acquisition of any assets, property or undertaking (including Capital Expenditures) other than an acquisition in the ordinary course of business of the purchaser.

"**Judgment Conversion Date**" has the meaning set out in Section 12.4(a)(ii) of this Agreement.

"**Judgment Currency**" has the meaning set out in Section 12.4(a) of this Agreement.

"**KEIP**" means any key employee incentive plan acceptable to the Lender and approved by the U.S. Court in the U.S. Proceedings.

"**KERP**" means any key employee retention plan acceptable to the Lender and approved by the U.S. Court in the U.S. Proceedings.

"**Lender**" means Bank of Montreal.

"Lender Charge" means, collectively, the super-priority administrative claim, authorized by the U.S. Court pursuant to the Interim U.S. DIP Order or the Final U.S. DIP Order, as applicable, in accordance with § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Obligors (other than the Carve-Out), the liens authorized by the U.S. Court pursuant to the Interim U.S. DIP Order or the Final U.S. DIP Order, as applicable, in accordance with § 364(d) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Obligors (other than the Permitted Priority Liens and the Carve-Out) and the charge granted by the Canadian Court pursuant to the Initial Order over all present and future assets and property of the Obligors, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of an Obligor in favour of the Lender (collectively, the "Collateral").

"**Lender's Account for Payments**" means:

(a) for amounts payable in Canadian Dollars:

Bank of Montreal
595 Burrard Street
Vancouver, British Columbia V7X 1L7

Transit No. and Bank Code: 00149 001
Beneficiary Account No.: 1999-815

(b) for amounts payable in United States Dollars:

Bank of Montreal
595 Burrard Street
Vancouver, British Columbia V7X 1L7

Transit No. and Bank Code: 00109 001
Beneficiary Account No.: 4604-350

"**Lender's Branch**" means the Lender's branch located at 595 Burrard Street, Vancouver, B.C. V7X 1L7 or such other branch in Canada as the Lender may from time to time designate.

"**Lender's Counsel**" means the firms of Blake, Cassels & Graydon LLP, Chapman and Cutler LLP and Womble Bond Dickinson (US) LLP or such other firms of legal counsel as the Lender may from time to time designate.

"**Lender's Counsel's Financial Advisor**" means FTI Consulting Canada Limited, in its capacity as financial advisor to the Lender's Counsel.

"**Loan**" means a Cdn. $ Loan or U.S. $ Loan under this Agreement.

"**Material Adverse Change**" means a material adverse change in:

(a) the business, financial condition, operations, assets, management or properties of the Obligors on a consolidated basis, taken as a whole;

(b) the validity or enforceability of this Agreement or any other Document or the validity or enforceability of any of the Lender Charge or the ranking of any of the Security Interests granted thereby or the material rights or remedies intended or purported to be granted to the Lender under or pursuant to such Lender Charge; or

(c) the ability of any Obligor to perform any material obligation under this Agreement, any other Document or any Restructuring Court Order, or the ability of any Obligor to carry out an Approved Sale or Alternative Restructuring Option,

but does not include any of the Obligors filing for relief under the CCAA or under Chapter 11 or Chapter 15 of the Bankruptcy Code or any facts or circumstances disclosed by the Obligors in the pleadings supporting any such filing.

"**Material Adverse Effect**" means a material adverse effect upon:

(a) the business, financial condition, operations, assets, management or properties of the Obligors on a consolidated basis, taken as a whole;

(b) the validity or enforceability of this Agreement or any other Document or the validity or enforceability of any of the Lender Charge or the ranking of any of the Security Interests granted thereby or the material rights or remedies intended or purported to be granted to the Lender under or pursuant to such Lender Charge; or

(c) the ability of any Obligor to perform any material obligation under this Agreement, any other Document or any Restructuring Court Order, or the ability of any Obligor to carry out a an Approved Sale or Alternative Restructuring Option.

but does not include the effect of any of the Obligors filing for relief under the CCAA or under Chapter 11 or Chapter 15 of the Bankruptcy Code or the effect of any facts or circumstances disclosed by the Obligors in the pleadings supporting any such filing.

"**Maturity Date**" means, the earlier to occur of: (a) June 30, 2023; (b) the effective date of a Plan; (c) the APA Closing; and (d) the date of delivery of an Acceleration Notice or the occurrence of an Acceleration Event.

"**Milestones**" means, unless otherwise agreed to by the Lender, each of the following events:

(a) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Interim U.S. DIP Order on or prior to one (1) Banking Day after the Petition Date, and in any case on or prior to two (2) Banking Days after the Petition Date, the U.S. Court shall have entered the Interim U.S. DIP Order;

(b) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue the Initial Order on or prior to two (2) Banking Days after the date the U.S. Court enters the Interim U.S. DIP Order, and in any case on or prior to three (3) Banking Days after the date the U.S. Court enters the Interim U.S. DIP Order, the Canadian Court shall have issued the Initial Order;

(c) on or prior to one (1) Banking Day after the Petition Date, the Obligors shall have filed with the U.S. Court a motion seeking entry of the Sale Procedures Order and the Sale Order;

(d) on or prior to April 28, 2023, the Obligors shall have filed with the Canadian Court a motion seeking an order recognizing the Sale Procedures Order and Sale Order.

(e) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Sale Procedures Order by April 28, 2023, and in any case on or prior to the first Banking Day that is ten (10) calendar days after the Petition Date, the U.S. Court shall have entered the Sale Procedures Order;

(f) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue an order recognizing the Sale Procedures Order by May 8, 2023, and in any case on or prior to May 12, 2023, the Canadian Court shall have issued an order recognizing the Sale Procedures Order;

(g) subject only to availability of the U.S. Court, on or prior to twenty-one (21) days after the date the U.S. Court enters the Interim U.S. DIP Order, the U.S. Court shall have entered the Final U.S. DIP Order (if the U.S. Court does not have the requisite availability, this Milestone is to be discharged on the U.S. Court's next available date);

(h) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Sale Order on or prior to May 24, 2023 and in any case on or prior to the first Banking Day that is 35 calendar days after the Petition Date the U.S. Court shall have entered the Sale Order;

(i) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue an order recognizing the Sale Order on or prior to May 29, 2023 and in any case prior to May 31, 2023, the Canadian Court shall have issued an order recognizing the Sale Order; and

(j) by the later of June 1, 2023, and the date that is 45 calendar days after the Petition Date, the final APA Closing shall have occurred and the Credit Facility Indebtedness shall have been paid in full in cash.

"**Month End**" means the last day of each of calendar month.

"**Moody's**" means Moody's Investors Service, Inc. and any successors thereto.

"**Multiemployer Plan**" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"**Negative Cash Flow Variance**" means, at any time, the cumulative negative variance in the Obligors' actual cash receipts and cash expenditures and outflows, in respect of any line item (other than in respect of (i) foreign exchange fluctuations and (ii) fees and expenses of professionals engaged by the Lender) to the Agreed Budget of 15% or greater. For greater certainty, the payment of professional fees into escrow on a monthly basis pursuant to procedures set forth more fully in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, shall be included in any variance calculation as if those payments were made to the professionals directly.

"**Obligor Guarantee**" means, collectively, the unlimited guarantee and indemnity (including any addition agreements executed in connection therewith) governed by the laws of the Province of British Columbia, in form satisfactory to the Lender, executed by each Obligor in favour of the Lender in respect of the Secured Obligations of each other Obligor, and each other guarantee executed by an Obligor governed by the laws of any other jurisdiction, if requested by the Lender, acting reasonably.

"**Obligors**" means, collectively, the Borrowers and Guarantors, and "**Obligor**" means any one of them.

"**OFAC**" has the meaning set out in the definition of Sanctions Laws and Regulations.

"**Officer's Certificate**" means a certificate or notice signed by any one of the chief executive officer or chief financial officer of a Borrower or of the applicable Obligor; provided that Drawdown Notices and Repayment Notices shall be executed on behalf of the relevant Borrower by any one of the foregoing persons or such other persons as may from time to time be designated by written notice from the Borrowers to the Lender.

"**Outside Date**" means April 27, 2023.

"**Outstanding Principal**" means, at any time, the aggregate of (i) the principal amount of all outstanding Cdn. $ Loans, and (ii) the Equivalent Amount in Canadian Dollars of the principal amount of all outstanding U.S. $ Loans, in each case, advanced or issued and outstanding under the Credit Facility.

"**Payment Protocol**" has the meaning given to such term in Section 2.10.

"**PBGC**" means Pension Benefit Guaranty Corporation or any Governmental Authority succeeding to any of its principal functions under ERISA.

"**Pension Plan**" means any employee pension benefit plan (other than a Multiemployer Plan) sponsored or contributed to by Holdco or any ERISA Affiliate which is subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Holdco or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA during the time period set out therein) would have liability for contributions under Section 412(c)(11) of the Code or as a "contributing sponsor" as defined in Section 4001(a)(13) of ERISA.

"**Permitted Contest**" means action taken by or on behalf the Obligors in good faith by appropriate proceedings diligently pursued to contest a Tax, claim or Security Interest, provided that:

(a) the Borrowers, on a combined consolidated basis, have established reasonable reserves therefor if and to the extent required by GAAP;

(b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and

(c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the property, assets and undertaking of any Obligor.

"**Permitted Debt**" means the following:

(a) the Secured Obligations;

(b) Debt owing to the Lender;

(c) all Debt of the Obligors which has been issued, created, incurred, assumed or existed on or prior to the Effective Date and to the extent such Debt was Permitted Debt (under and as defined in the Pre-Filing Secured Credit Agreement);

(d) Debt owing by an Obligor to any other Obligor in accordance with the Agreed Budget;

(e) Indebtedness incurred in the ordinary course of business by an Obligor after the Effective Date with respect to trade payables;

(f) all Debt secured by a Permitted Encumbrance; and

(g) such other Debt of an Obligor which the Lender has consented to in writing.

"**Permitted Dispositions**" means, in respect of an Obligor, any sale, exchange, lease, transfer or other disposition of inventory in the ordinary course of business.

"**Permitted Encumbrances**" means, as at any particular time, any of the following encumbrances on the property or any part of the property of an Obligor:

(a) the Lender Charge;

(b) the other Permitted Priority Liens;

(c) valid and perfected Security Interests existing prior to the Effective Date and to the extent such Security Interests were Permitted Encumbrances (under and as defined in the Pre-Filing Secured Credit Agreement);

(d) inchoate statutory Security Interests arising after the Effective Date in respect of any accounts payable arising after the Outside Date in the ordinary course of business, provided that all such amounts are paid by the applicable Obligor as and when due;

(e) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(f) deemed liens and trusts arising by operation of law in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(g) undetermined or inchoate liens and charges incidental to operations arising in the ordinary course of business which have not at such time been filed pursuant to law against any Obligor or which relate to obligations not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(h) easements, rights of way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of the Obligors;

(i) security given by any Obligor to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Obligor, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of the Obligor;

(j) pledges or deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property, in each case, to which an Obligor is a party;

(k) Security Interests resulting from the deposit of cash or Approved Securities as security when any Obligor is required to do so by a Governmental Authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same, or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law;

(l) minor defects of title which, individually and in the aggregate, do not materially affect the right of ownership of the Obligors in and to the property affected thereby or the right of any Obligor to utilize such property to conduct its business;

provided that nothing in this definition shall in and of itself cause the Secured Obligations under this Agreement or the other obligations secured by the Security to be subordinated in priority of payment to any such Permitted Encumbrance or cause any Security Interests in favour of the Lender to rank subordinate to any such Permitted Encumbrance.

"**Permitted Financial Assistance**" means any Financial Assistance provided by the Obligors on or prior to date hereof and which was Permitted Financial Assistance (under and as defined in the Pre-Filing Secured Credit Agreement) and any Financial Assistance provided to an Obligor in accordance with the Agreed Budget.

"**Permitted Priority Liens**" means:

(a) the Administration Charge;

(b) Permitted Encumbrances (under and as defined in the Pre-Filing Secured Credit Agreement) that were properly perfected and senior in priority to the Pre-Filing Security under applicable law as of the Petition Date;

(c) statutory security interests that by operation of law cannot be subordinated or primed by the Lender Charge; and

(d) such other Security Interests as may be agreed to in writing by the Lender,

provided that, for greater certainty, except as expressly set forth herein, Security Interests arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "Permitted Priority Liens".

"**Person**" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity.

"**Petition Date**" means the date of commencement of the U.S. Proceedings by the filing of voluntary petitions for relief by the Obligors.

"**Plan**" means a plan of reorganization, liquidation, compromise or arrangement within the CCAA Proceedings or the U.S. Proceedings that either (i) is in form and substance satisfactory to the Lender or (ii) would result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement on the effective date of such Plan.

"**Pre-Filing Secured Credit Agreement**" means the amended and restated credit agreement dated as of December 3, 2019 between Structurlam Mass Timber Corporation, as Canadian borrower, Structurlam Mass Timber U.S., Inc., as U.S. borrower, and Bank of Montreal, as lender (as amended prior to the date hereof).

"**Pre-Filing Secured Creditor**" means Bank of Montreal, as the lender under the Pre-Filing Secured Credit Agreement.

"**Pre-Filing Security**" means the Security Interests granted to the Pre-Filing Secured Creditor by the Obligors.

"**Quarter End**" means the last day of each of March, June, September and December in each fiscal year of the Borrowers.

"**Receiver**" means any receiver, trustee, examiner, interim receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of any Obligor, or any part thereof, whether appointed by the Lender under a Document or by a court pursuant to Applicable Law and any nominee of the Lender or any other person that is appointed by the Lender to exercise all or any of the powers, rights, benefits and discretion of the Lender under such Document.

"**Related Party**" means any Person which is any one or more of the following:

(a) an Affiliate of a Borrower, or any Subsidiary thereof, other than an Obligor;

(b) a shareholder or partner of any Obligor, which, together with all Affiliates of such Person, owns or controls, directly or indirectly, more than 10% of the shares, capital or other ownership interests (however designated) of such Obligor, or an Affiliate of any such shareholder or partner;

(c) the Sponsor;

(d) Holdco;

(e) an officer or director of any of the foregoing; and

(f) a Person which is not at arm's length from any Obligor.

"**Release**" means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata.

"**Reorganization Transaction**" has the meaning set forth in Section 8.2(d).

"**Repayment Notice**" means a notice substantially in the form annexed to this Agreement as Schedule B to be given to the Lender by a Borrower pursuant to this Agreement.

"**Required Permits**" means, in respect of any Obligor, all Governmental Authorizations which are necessary at any given time for such Obligor to own and operate its property, assets, rights and interests or to carry on its business and affairs.

"**Restructuring Court Orders**" means, collectively, the court orders made in the CCAA Proceedings and the U.S. Proceedings applicable to an Obligor, and "**Restructuring Court Order**" means any one of such orders.

"**S&P**" means the Standard & Poor's Rating Group (a division of The McGraw-Hill Companies, Inc.) and any successors thereto.

"**Sale-Leaseback**" means an arrangement, transaction or series of arrangements or transactions under which title to any real property, tangible personal property or fixture is transferred by an Obligor to another Person which leases or otherwise grants the right to use such property to the Obligor (or its nominee) and, whether or not in connection therewith, the Obligor also acquires a right or is subject to an obligation to acquire such property or a material portion thereof, and regardless of the accounting treatment of such arrangement, transaction or series of arrangements or transactions.

"**Sale Order**" means an order of the U.S. Court presiding over the U.S. Proceedings approving, pursuant to section 363 of the Bankruptcy Code, one or more sales of, collectively, all or substantially all of the assets of the Obligors to one or more purchasers on an APA Closing, that approves the payment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement or that is otherwise acceptable in form and substance to the Lender.

"**Sale Procedures Order**" means an order or orders of the U.S. Court presiding over U.S. Proceedings each acceptable in form and substance to the Lender approving one or more APAs as a stalking horse bidder on terms and conditions acceptable to the Lender and approving bidding and sale procedures for one or more sales pursuant to Section 363 of the Bankruptcy Code on terms and conditions acceptable to the Lender.

"**Sanctions Laws and Regulations**" means (a) any sanctions, prohibitions or requirements imposed by any executive order (an "**Executive Order**") or by any sanctions program administered by the U.S. government, including without limitation the U.S. Department of the Treasury Office of Foreign Assets Control ("**OFAC**") and (b) any sanctions measures imposed by the United Nations Security Council, European Union or the United Kingdom.

"**Security**" has the meaning set forth in Section 9.1.

"**Security Interest**" means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retentions, security created under the *Bank Act* (Canada), liens,

encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

(a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;

(b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing Debt, (B) preferring some holders of Debt over other holders of Debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of setoff granted or arising in the ordinary course of business);

(c) the rights of lessors under Capital Leases, operating leases and any other lease financing; and

(d) absolute assignments of accounts receivable.

"**Seller Disclosure Schedule**" has the meaning ascribed to that term in the Stalking Horse Bid.

"**Sponsor**" means KF Arc Holdings LP (or its Affiliates), or an assignee of KF Arc Holdings LP approved by the Lender in its sole discretion.

"Stalking Horse Bid" means the Asset Purchase Agreement between Mercer International Inc. and the Obligors dated April 21, 2023.

"**Subsidiary**" means, with respect to any Person ("X"):

(a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by X or one or more of its Subsidiaries, or X and one or more of its Subsidiaries;

(b) any partnership of which, at the time, X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries: (i) directly, indirectly or beneficially own or control more than 50% of the income, capital, beneficial or ownership interests (however designated) thereof; and (ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or

(c) any other Person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries,

provided that, unless otherwise expressly provided or the context otherwise requires references in this Agreement to "Subsidiary" or "Subsidiaries" shall be and shall be deemed to be references to Subsidiaries of the Cdn. Borrower or the other Obligors.

"**Taxes**" means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof now or at any time in the future, together with interest thereon and penalties, charges or other amounts with respect thereto, if any, and "**Tax**" and "**Taxation**" shall be construed accordingly.

"**United States Dollars**" and "**U.S. $**" mean the lawful money of the United States of America.

"**Updated Budget**" means an update to the Agreed Budget prepared and delivered to the Lender on a weekly basis in accordance with Section 8.1(e)(ii)(B) for the period commencing at the end of the Friday of the previous week through and including 13 weeks thereafter, which shall reflect the Borrowers' good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Lender (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless consented to by the Lender in its sole and absolute discretion (exercised reasonably)). Each Updated Budget shall be prepared on a cash-flow basis and shall include the payment of accrued professional fees to an escrow agent pursuant to procedures set forth more fully in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, to be held by the agreed escrow agent until such time as they may be distributed to the relevant professionals in accordance with the orders of the U.S. Court.

"**USA PATRIOT Act**" means the *U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* and the regulations and rules promulgated thereunder, as amended from time to time.

"**U.S. $ Loan**" means an Advance in United States Dollars made by the Lender to a Borrower under the Credit Facility.

"**U.S. Borrower**" means Structurlam Mass Timber U.S., Inc., a Delaware corporation.

"**U.S. Court**" means the United States Bankruptcy Court for the District of Delaware.

"**U.S. Guarantor**" means Natural Outcomes, LLC, a Delaware limited liability corporation.

"**U.S. Proceedings**" means the proceedings to be commenced in the United States by the Borrowers and the other Obligors before the U.S. Court pursuant to chapter 11 of the Bankruptcy Code.

"**Variance Testing Date**" means the second Wednesday occurring after the Outside Date and each Wednesday thereafter.

"**Weekly Cashflow Report**" has the meaning set forth in Section 8.1(e)(ii)(A).

"**Withdrawal Liability**" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

1.2 Headings; Articles and Sections

The division of this Agreement into Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement

supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Number; including

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and vice versa, and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.4 Application of Accounting Principles; Accounting Changes

Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any other Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrowers and the Lender agree to enter into good faith negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Cdn. Borrower's consolidated financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrowers and the Lender, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "**Accounting Changes**" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Chartered Professional Accountants of Canada, and in all events including changes resulting from implementation of the International Financial Reporting Standards or accounting standards for private enterprises to the extent required by the Canadian Accounting Standards Board and to the extent applicable to the Borrowers.

1.5 References to Agreements and Enactments

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

1.6 Per Annum Calculations; Currency

Unless otherwise stated, wherever in this Agreement reference is made to a rate "per annum" or a similar expression is used, such rate is expressed on the basis of, and shall be calculated on the basis of, a year of 365 or 366 days, as applicable. Unless otherwise stated herein, all dollar amounts referenced in this Agreement are in Canadian currency.

1.7 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedules 7.1(e) to 7.1(x)	-	Disclosure Schedules
Schedule A	-	Drawdown Notice
Schedule B	-	Repayment Notice
Schedule C	-	Agreed Budget
Schedule D	-	Initial Order
Schedule E	-	[Reserved]
Schedule F	-	Interim U.S. DIP Order
Schedule G	-	[Reserved]

1.8 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in Vancouver, British Columbia.

1.9 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

ARTICLE 2
THE CREDIT FACILITY

2.1 The Credit Facility

Subject to the terms and conditions hereof, the Lender shall make available to the Borrowers the Credit Facility. At any date, the Outstanding Principal under the Credit Facility shall not exceed the maximum principal amount thereof.

2.2 Types of Availments

(a) Under the Credit Facility, a Borrower may, in Canadian Dollars, make Drawdowns of Cdn. $ Loans and may, in United States Dollars, make Drawdowns of U.S. $ Loans.

(b) The Borrowers shall have the option, subject to the terms and conditions hereof, to determine which types of Loans shall be drawn down under the Credit Facility and in which combinations or proportions.

2.3 Purpose

The Credit Facility is being made available to the Borrowers solely for the purposes set forth in Section 8.1(s).

2.4 Availability of the Credit Facility

Subject to the terms and conditions hereof, the Borrowers may make Drawdowns under the Credit Facility after the Effective Date and prior to the Maturity Date for the purposes described in Section 2.3 above.

2.5 Minimum Drawdowns

Each Drawdown under the Credit Facility of the following types of Loans shall be in the following amounts indicated:

(a) Cdn. $ Loans in minimum principal amounts of $50,000; and

(b) U.S. $ Loans in minimum principal amounts of U.S.$50,000.

2.6 Drawdown Notices; Drawdowns

A Drawdown Notice shall be given to the Lender by 11:00 a.m. (Local Time) on Friday of each calendar week (or as otherwise required with the approval of the Information Officer, the Lender and the Lender's Counsel's Financial Advisor) substantially in the form of Schedule A annexed hereto. Subject to the satisfaction of the conditions precedent specified in this Agreement, the Lender shall make such amounts available to the Borrowers by depositing such amounts in the applicable Borrower's account with the Lender. Notwithstanding anything to the contrary herein, a Borrower may from time to time deliver a Drawdown Notice to the Lender whereby the proceeds of the Loan requested thereunder will be used for one or more of the purposes permitted pursuant to Section 8.1(s) but not contemplated by the Agreed Budget (or the most recent Updated Budget), and the Lender may, in its discretion, make the requested amount under such Drawdown Notice available to the Borrowers with the approval of the Information Officer.

2.7 Lender's Obligations with Respect to Cdn. $ Loans and U.S. $ Loans

The Lender shall, for same day value on the Drawdown Date specified by a Borrower in a Drawdown Notice with respect to a Cdn. $ Loan or U.S. $ Loan, make an advance to such Borrower of the full amount of the requested Loan in the relevant currency in accordance with any payment instructions set forth in the applicable Drawdown Notice.

2.8 Irrevocability

A Drawdown Notice or Repayment Notice given by a Borrower hereunder shall be irrevocable and, subject to any options the Lender may have hereunder in regard thereto and such Borrower's rights hereunder in regard thereto, shall oblige such Borrower to take the action contemplated on the date specified therein.

2.9 Optional Repayment of the Credit Facility

A Borrower may at any time and from time to time repay, without penalty, to the Lender the whole or any part of any Loan owing by it under the Credit Facility, together with accrued interest thereon to the date of such repayment provided that:

(a) except as otherwise provided in Section 2.10, such Borrower shall give a Repayment Notice (executed in accordance with the definition of Officer's Certificate) to the Lender not later than 9:00 a.m. (Local Time) one Banking Day prior to the date of the proposed repayment of such Loan;

(b) repayments pursuant to this Section may only be made on a Banking Day;

(c) each such repayment shall be in a minimum amount of the lesser of: (i) the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan proposed to be repaid, and any repayment in excess of such amount shall be in integral multiples of $100,000 or U.S.$100,000, as the case may be, and (ii) the Outstanding Principal of all Loans outstanding under the relevant Credit Facility immediately prior to such repayment;

(d) a Borrower may not repay a portion only of an outstanding Loan unless the unpaid portion is equal to or exceeds, in the relevant currency, the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan proposed to be repaid; and

(e) unless the Lender otherwise agrees in writing, each repayment of the Credit Facility by the Borrower hereunder shall automatically result in a permanent reduction of the maximum principal amount of the Credit Facility by an amount equal to the principal amount repaid.

2.10 Mandatory Repayment of Credit Facility

Subject to Section 10.2 and Article 6, the Borrowers shall: (a) repay or pay, as the case may be, to the Lender all Loans and other Secured Obligations outstanding under the Credit Facility on or before the Maturity Date, and (b) subject to any funding requirements with respect to the Carve-Out set forth in the Interim U.S. DIP Order and the Final U.S. DIP Order, if and to the extent the aggregate amount of all receipts and deposits made to the Obligors' bank accounts during the period from and including the Effective Date through the Maturity Date exceeds the amount set out in the Agreed Budget (as such amount may be modified with the mutual consent of the Lender and the Borrowers), apply, when available, all such receipts and deposits in excess thereof in the following order (the "Payment Protocol") (i) against the pre-filing indebtedness of the Obligors under the Pre-Filing Secured Credit Agreement up to the amount of C$3,900,000, and (ii) as a mandatory prepayment of the Credit Facility (and, for certainty, any amounts so prepaid may not be reborrowed).

2.11 Repayment of Borrowings In Excess of the Authorized Principal Amount

If the Outstanding Principal under the Credit Facility (determined in Cdn. Dollars with all Loans denominated in U.S. Dollars under the Credit Facility being converted to the Equivalent Amount of Cdn. Dollars) is on any day in excess of the authorized principal amount of the Credit Facility, the Borrowers shall within five (5) Banking Days thereafter repay or otherwise reduce a portion of such Loans under the Credit Facility to the extent of the amount of such excess.

2.12 Cancellation of Credit Facility and Prepayment

Provided that the Information Officer is satisfied that there are sufficient cash reserves in the Obligors' bank accounts to satisfy amounts secured by the Permitted Priority Liens and to satisfy the Carve-Out, the Borrowers may, without penalty or premium, at any time during the term of this Agreement upon five (5) Banking Days prior written notice substantially in the form annexed hereto as Schedule B, cancel the Credit Facility or any portion thereof in minimum amounts of Cdn. $500,000 and whole multiples of Cdn. $100,000 thereafter if, on or prior to the last day of such notice period, the Borrowers have:

(a) prepaid or otherwise reduced the applicable Loans outstanding under the Credit Facility in an amount equal to the amount by which the Loans outstanding under the Credit Facility would otherwise be in excess of the stated amount of the Credit Facility immediately after the reduction of the Credit Facility provided for in such notice; and

(b) paid all accrued interest and other charges and fees in respect of the applicable Loans being repaid or reduced as aforesaid.

Any such notice of cancellation is irrevocable and the amount of the Credit Facility so cancelled and reduced may not be reinstated hereunder.

2.13 Mandatory Prepayments

(a) On the Maturity Date, the Credit Facility and the Lender's commitment thereunder shall be permanently cancelled and the Borrowers shall repay all Loans and other Credit Facility Indebtedness outstanding under the Credit Facility to the Lender in full.

(b) Unless otherwise consented to in writing by the Lender, and provided the Information Officer is satisfied that there are sufficient cash reserves in the Obligors' bank accounts to satisfy (x) amounts secured by the Permitted Priority Liens and to satisfy the Carve-Out, and (y) amounts anticipated on the date of the mandatory repayment under the Agreed Budget in respect of which Loans were made that have not yet been incurred or paid (including, for greater certainty, anticipated legal or advisory fees in the CCAA Proceedings or U.S. Proceedings):

(i) upon receipt by an Obligor of a refund or payment on account of taxes from any Governmental Authority, excluding refunds or payments on account of sales taxes;

(ii) to the extent directed by a final order of the U.S. Court in the U.S. Proceedings (which may include the Sale Order), upon receipt by an Obligor of the proceeds of any sale, assignment, transfer, conveyance, surrender, exchange, lease, sub-lease or other disposition of property other than Permitted Dispositions (the proceeds from which Permitted Distributions shall be applied as directed by the orders of the U.S. Court and the Canadian Court); and

(iii) upon receipt by an Obligor of the proceeds arising from the issuance of any equity or debt securities of such Obligor,

the Borrowers shall repay, or shall cause to be repaid, Loans in accordance with the Payment Protocol in an amount equal to the amount so received in cash and cash equivalents (less any amount determined by the Information Officer to be retained as an addition to cash reserves in the Obligor's bank accounts to satisfy amounts described in clauses (x) or (y) above and any other amounts reserved on account thereof in the Agreed Budget) within one Banking Day.

Each Borrower hereby authorizes and directs the Lender to debit such Borrower's or any other Obligor's accounts with the Lender to effect any of the foregoing to the extent that the Borrowers have not made any such mandatory prepayment in accordance with this Section 2.13(b). For greater certainty, amounts prepaid pursuant to this Section 2.13(b) shall permanently reduce the stated amount of the Credit Facility and may not be reborrowed.

ARTICLE 3
CONDITIONS PRECEDENT TO DRAWDOWNS

3.1 Conditions Precedent

This Agreement shall be effective on the date (the "**Effective Date**") upon which each of the following conditions are satisfied or waived in writing by the Lender:

(a) **Initial Order.** The Canadian Court shall have issued and entered the Initial Order by the Outside Date, satisfactory to the Lender and substantially in the form annexed hereto as Schedule D, and the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Lender, as determined by the Lender (acting reasonably), without the consent of the Lender.

(b) **U.S. Interim DIP Order.** The U.S. Court shall have issued and entered the Interim U.S. DIP Order by the Outside Date, satisfactory to the Lender and substantially in the form annexed hereto as Schedule F, and the Interim U.S. DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Lender, as determined by the Lender (acting reasonably), without the consent of the Lender.

(c) [Reserved]

(d) **Representations and Warranties.** The representations and warranties contained in Section 7.1 are true and correct as of such time, and the Lender shall have received a certificate from the Borrowers certifying the same.

(e) **No Event of Default.** As of the Effective Date, there exists no Default or Event of Default, and the Lender shall have received a certificate from the Borrowers certifying the same.

(f) **No Material Adverse Change.** No Material Adverse Change shall have occurred since the date of issuance of the Initial Order and the Lender shall have received a certificate of the Borrowers certifying the same.

(g) **Receipt of Documentation.** The Lender shall have received, in form and substance satisfactory to the Lender, (a) a duly executed original of this Agreement, (b) duly executed copies of the Security required pursuant to Section 9.1, (c) a certificate of status, certificate of good standing or similar document in respect of each Obligor issued under the laws of each jurisdiction where such Obligor is organized or formed; (d) an officer's certificate provided by or on behalf of each Obligor attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate of the officer's executing the Documents; (e) a true and complete copy of the Initial Order, the Interim U.S. DIP Order, and the Agreed Budget; (f) an officer's certificate of the Borrowers certifying as to the matters set forth in Sections 3.1(d), (e) and (f); (g) a certificate or certificates of insurance in respect of the Obligors; (h) any applicable "know your client" or anti-money laundering information which the Lender may require; and (i) such other documents as are required under this Agreement or which the Lender may reasonably request.

(h) **Lender Charge.** There are no Security Interests ranking in priority to the Lender Charge, other than Permitted Priority Liens.

(i) **Fees.** The Borrowers have paid to the Lender a work fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 3% of the maximum authorized principal amount of the Credit Facility on the Effective Date.

(j) **Lenders Fees and Expenses.** The Borrowers have paid to the Lenders all other fees and expenses of the Lender then due and payable (including all accrued and unpaid the fees and expenses of Lender's Counsel and Lender's Counsel's Financial Advisor).

3.2 Conditions Precedent for all Drawdowns

On or before each Drawdown under the Credit Facility the following conditions shall be satisfied:

(a) the Lender shall have received a proper and timely Drawdown Notice from the relevant Borrower requesting the Drawdown;

(b) the representations and warranties set forth in Section 7.1 shall be true and accurate in all material respects on and as of the date of the requested Drawdown, except to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall be true and accurate in all material respects as of such earlier date; provided that any representation or warranty that is qualified as to "in all material respects", "materiality", "Material Adverse Effect" or similar language shall be true and accurate in all respects, as so qualified, on and as of the date of the requested Drawdown or as of such earlier date, as the case may be;

(c) no Default or Event of Default shall have occurred and be continuing on and as of the date of the requested Drawdown nor shall the Drawdown result in the occurrence of a Default or Event of Default;

(d) after giving effect to the proposed Drawdown, the Outstanding Principal of all Loans outstanding under the Credit Facility shall not exceed the maximum principal amount of the Credit Facility; and

(e) all fees and expenses of the Lender then due and payable (including all accrued and unpaid fees and expenses of Lender's Counsel and Lender's Counsel's Financial Advisor) for which invoices have been provided to the Borrowers, shall have been paid or will be paid from the proceeds of the requested Drawdown.

3.3 Waiver

The conditions set forth in Sections 3.1 and 3.2 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

ARTICLE 4
EVIDENCE OF DRAWDOWNS

4.1 Accounts of Record

The Lender shall open and maintain books of account at the Lender's Branch evidencing all Loans and all other amounts owing by the Borrowers to the Lender hereunder. The Lender shall enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrowers hereunder. The information entered in the foregoing accounts shall, absent manifest error, constitute *prima facie* evidence of the obligations of the Borrowers to the Lender hereunder with respect to all Loans and all other amounts owing by the Borrowers to the Lender hereunder. After a request by a Borrower, the Lender shall promptly advise the Borrowers of such entries made in the Lender's books of account.

ARTICLE 5
PAYMENTS OF INTEREST AND FEES

5.1 Interest on Cdn. $ Loans

Each Borrower shall pay interest on each Cdn. $ Loan owing by it during each Interest Period applicable thereto in Canadian Dollars at a rate per annum equal to the Applicable Pricing Margin to the Lender's Account for Payment. Such interest shall accrue daily and shall be payable in arrears on

each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Cdn. $ Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable.

5.2 Interest on U.S. $ Loans

Each Borrower shall pay interest on each U.S. $ Loan owing by it during each Interest Period applicable thereto in United States Dollars at a rate per annum equal to the Applicable Pricing Margin to the Lender's Account for Payment. Such interest shall accrue daily and be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the U.S. $ Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable.

5.3 *Interest Act* (Canada)

(a) Whenever a rate of interest or other rate per annum hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or other rate shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest or other rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(b) Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year of 360 days, such rate of interest or other rate shall be expressed as a rate per annum, calculated on the basis of a 365 day year, by multiplying such rate of interest or other rate by 365 and dividing it by 360.

5.4 Nominal Rates; No Deemed Reinvestment

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

5.5 Standby Fees

(a) The Borrowers shall pay to the Lender a standby fee in Canadian Dollars in respect of the Credit Facility calculated at a rate per annum equal to the Applicable Pricing Margin on the amount, if any, by which the amount of the Outstanding Principal under the Credit Facility for each day in the period of determination is less than the maximum amount for each such day of the Credit Facility (taking into account the actual amount of the Credit Facility that is actually authorized to be borrowed on such date). Fees determined in accordance with this Section 5.5 shall accrue daily from and after the Effective Date and be payable by the Borrowers monthly in arrears, on cancellation in full of the Credit Facility and on the Maturity Date.

(b) As of: (i) the last Banking Day of each calendar month, (ii) the date of the cancellation in full of the Credit Facility, and (iii) the Maturity Date, the Lender shall determine the standby fees under Section 5.5(a) for the period from and including the Effective Date or the date of the immediately preceding determination, as the case may be, to but excluding that date of determination and is hereby authorized to debit the current accounts of the Cdn. Borrower for payment of the standby fees so determined for the account of the Lender.

5.6 Exit Fee

The Borrowers shall pay to the Lender an exit fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 1% of the maximum authorized principal amount of the Credit Facility on the Effective Date (the "**Exit Fee**"), such Exit Fee to be payable in full on the Maturity Date.

5.7 Default Interest

Notwithstanding any other provision hereof, upon the occurrence of and during the continuation of any Event of Default, the Borrowers shall, at the option of the Lender by written notice to the Borrowers, pay interest on the Outstanding Principal of all outstanding Loans and any other Secured Obligations payable hereunder (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date of such Event of Default and such interest shall accrue daily, be calculated and compounded monthly and be payable on demand, after as well as before maturity, default and judgment, at a rate per annum that is equal to the Applicable Pricing Margin (for certainty, after giving effect to clause (iii) of the definition thereof).

5.8 Waiver

To the extent permitted by applicable law, the covenants of the Borrowers to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrowers (or either of them) to the Lender and any provision of the *Interest Act* (Canada) or *Court Order Interest Act* (British Columbia) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by the Borrowers (and each of them).

5.9 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by applicable law. In the event that such interest or fee exceeds such maximum rate, such interest or fees shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under applicable law.

ARTICLE 6
PLACE AND APPLICATION OF PAYMENTS

6.1 Place of Payment of Principal, Interest and Fees; Payments to Lender

All payments of principal, interest, fees and other amounts to be made by a Borrower to the Lender pursuant to this Agreement shall be made to the Lender for value on the day such amount is due, and if such day is not a Banking Day on the Banking Day next following, by deposit or transfer thereof to the Lender's Account for Payment or at such other place as the Borrowers and the Lender may from time to time agree.

6.2 Funds

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used in Vancouver, British Columbia, and Toronto, Ontario in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made (for certainty, each such amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in immediately available funds to the extent possible in the relevant jurisdiction).

6.3 Application of Payments

Except as otherwise agreed in writing by the Lender, if any Event of Default shall occur and be continuing, all payments made by the Borrowers to the Lender shall be applied in the following order:

(a) to amounts due hereunder as fees;

(b) to amounts due hereunder as costs and expenses;

(c) to amounts due hereunder as default interest;

(d) to amounts due hereunder as interest; and

(e) to amounts due hereunder as principal.

6.4 Payments Clear of Taxes

(a) Any and all payments by the Obligors to the Lender hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority or under the laws of any international tax authority imposed on the Lender, or by or on behalf of the foregoing (and, for greater certainty, nothing in this Section 6.4(a) shall make a Borrower liable for any taxes imposed on or measured by the Lender's overall net income, capital taxes or franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement)). In addition, each Obligor agrees to pay any present or future stamp, transfer, registration, excise, issues, documentary or other taxes, charges or similar levies which arise from any payment made under this Agreement or the Loans or in respect of the execution, delivery or registration or the compliance with this Agreement or the other Documents contemplated hereunder other than taxes imposed on or measured by the Lender's overall net income and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement). Each Obligor shall indemnify and hold harmless the Lender for the full amount of any Taxes or other amounts paid or payable by the

Lender and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Agreement or the Loans or in respect of the execution, delivery or registration of, or compliance with, this Agreement or the other Documents other than taxes imposed on or measured by the Lender's overall net income, capital taxes and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement); provided, however, that notwithstanding anything to the contrary in this Section 6.4(a), the Obligors do not indemnify or hold the Lender harmless for any amount of U.S. federal withholding Taxes imposed due to the Lender's failure to comply with FATCA.

(b) If any Obligor shall be required by law to deduct or withhold any amount for which it is liable under Section 6.4(a) from any payment or other amount required to be paid to the Lender hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to the Lender hereunder shall be increased as may be necessary so that after making all required deductions, withholdings, and additional income tax payments attributable thereto (including deductions, withholdings or income tax payable for additional sums payable under this provision) the Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional taxes had not been imposed; in addition, such Obligor shall pay the full amount deducted or withheld for such liabilities to the relevant taxation authority or other authority in accordance with applicable law, such payment to be made (if the liability is imposed on such Obligor) for its own account or (if the liability is imposed on the Lender) on behalf of and in the name of the Lender, as the case may be. If the liability is imposed on the Lender, such Obligor shall deliver to the Lender evidence satisfactory to the Lender, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

(c) The Lender shall provide any documentation reasonably requested by any Obligor sufficient for such Obligor to comply with its obligations, if any, under FATCA and to determine whether the Lender has complied with any applicable reporting requirements under FATCA.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties

Each of the Obligors represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Existence and Good Standing. Each of the Obligors is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation, or is a partnership or trust validly existing under the laws of its jurisdiction of organization or formation; each Obligor is duly registered in all other jurisdictions where the nature of its property or character of its business requires registration, except for jurisdictions where the failure to be so registered or qualified would not have a Material Adverse Effect, and has all necessary power and authority to own its properties and carry on its business as presently carried on or as contemplated by the Documents.

(b) Authority. Subject to issuance of the Initial Order and the Interim U.S. DIP Order, each Obligor has full power, legal right and authority to enter into the Documents and do all such acts and things as are required by such Documents to be done, observed or performed, in accordance with the terms thereof.

(c) Valid Authorization. The execution, delivery and performance by each Obligor of each of the Documents to which it is a party:

(i) have been duly authorized by all necessary corporate, partnership, trust and other action, as applicable;

(ii) are within its corporate, partnership or trust power and capacity, as applicable;

(iii) do not violate any provision of law or of its articles of incorporation or by laws, partnership agreement or other constating or organizational documents, as applicable;

(iv) do not result in the breach of or constitute a default or require any consent under, or result in the creation of any Security Interest upon any of its property or assets pursuant to, any indenture or other agreement or instrument to which it is a party or by which it or its property may be bound or affected, and

(v) subject to the issuance of the Interim U.S. DIP Order and the Final U.S. DIP Order, as applicable, and the Initial Order, do not require any license, consent or approval of or advance notice to or advance filing with any governmental agency or regulatory authority except those which have already been made or obtained and which are in full force and effect.

(d) Execution and Delivery. Each Document to which an Obligor is a party has been duly executed and delivered by such Obligor.

(e) Validity of Agreement; Non-Conflict. Subject to the issuance of the Interim U.S. DIP Order and the Final U.S. DIP Order, as applicable, and the Initial Order, none of the authorization, execution or delivery of this Agreement or the other Documents or performance of any obligation pursuant hereto or thereto requires or will require, pursuant to applicable law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of (i) any Obligor's articles, by-laws or other constating documents or any resolutions of directors or shareholders or (ii) the provisions of any material agreement, the contravention of which, in the case of clause (ii) above, has had or would reasonably be expected to have a Material Adverse Effect. The Documents, when executed and delivered, will constitute valid and legally binding obligations of each Obligor which is a party thereto enforceable against each such party in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(f) Ownership and Location of Property. Each Obligor has good and marketable title to its material property, subject to Permitted Encumbrances which, individually and in the aggregate, do not materially affect the rights of ownership of such Obligor to such property, the value thereof or its right or ability to utilize the same in the conduct of its business and affairs. Each location where tangible material property of any Obligor is kept is set forth in Schedule 7.1(e) annexed hereto.

(g) Debt. None of the Obligors, has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which any such Obligor is now or may hereafter become liable for any Debt other than Permitted Debt.

(h) Encumbrances. None of the Obligors has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, any Person may have or be entitled to any Security Interest on or in respect of its property and assets or any part thereof except for Permitted Encumbrances.

(i) No Material Adverse Effect. No event or circumstance has occurred or is continuing which has had or would reasonably be expected to have a Material Adverse Effect.

(j) No Omissions. The Obligors have made available to the Lender all material information necessary to make any representations, warranties and statements contained in this Agreement not misleading in any material respect in light of the circumstances in which they are given.

(k) Non-Default.

(i) No Default or Event of Default has occurred or is continuing or is, immediately after giving effect thereto, reasonably expected to occur following any Drawdown hereunder.

(ii) No event or circumstance has occurred and is continuing which constitutes, or which with the giving of notice, the lapse of time, a relevant determination or any combination thereof would constitute, a contravention of or default under any material agreement which could reasonably be expected to have a Material Adverse Effect.

(l) Financial Condition. The audited and unaudited combined consolidated and unconsolidated financial statements of the Borrowers delivered to the Lender pursuant hereto present fairly, in all material respects, the combined consolidated or unconsolidated financial condition of such Persons or Person as at the date thereof and the results of the combined consolidated or unconsolidated operations thereof for the fiscal year or fiscal quarter (as applicable) then ending, all in accordance with GAAP consistently applied.

(m) Information Provided. All information, materials and documents, including all cash flow projections, economic models, capital and operating budgets and other information and data:

(i) prepared and provided to the Lender by the Obligors in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof; and

(ii) to the extent prepared by Persons other than the Obligors and provided to the Lender by or on behalf of the Obligors in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, to the best of the knowledge of the Obligors, after due inquiry, in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof.

(n) Absence of Undisclosed Liabilities. None of the Obligors has any material liabilities, losses or obligations of any nature (whether absolute, known or unknown, accrued, fixed, contingent,

liquidated, unliquidated, due or to become due, or otherwise), except for (i) liabilities included or reflected in the financial statements delivered to the Lender and adequately reserved against therein in accordance with GAAP consistently applied, (ii) liabilities or performance obligations arising subsequent to the date of the balance sheets delivered to the Lender in the ordinary course of business (and not as a result of a breach or default by any Obligor) out of or under agreements, contracts, leases, arrangements or commitments to which such Obligor is a party or (iii) otherwise constituting Permitted Debt.

(o) Absence of Litigation. Except as set out in Schedule 3.6 of the Seller Disclosure Schedule and the general pendency of the CCAA Proceedings and the U.S. Proceedings, and actions arising in the ordinary course of the Business and that would not have, in the aggregate, a Material Adverse Effect, there are no actions, suits or proceedings pending or, to the knowledge of the Obligors, threatened against or affecting any of the Obligors or their respective property, undertakings and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to such Person and which, if determined adversely, would have or would reasonably be expected to have a Material Adverse Effect.

(p) Compliance with Applicable Laws, Court Orders and Material Agreements. Except as set out in Schedule 3.8(b) of the Seller Disclosure Schedule or Schedule 7.1(p) annexed hereto, and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect each of the Obligors and their respective property, businesses and operations are in compliance with all Applicable Laws (including, without limitation, all applicable Environmental Laws), all applicable directives, judgments, decrees, injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by-laws, other constating documents, partnership agreements and other organizational documents, all material agreements, as applicable, and any employee benefit plans, except to the extent that any such non-compliance would not reasonably be expected to have a Material Adverse Effect or is otherwise stayed, including in accordance with section 362 of the Bankruptcy Code, or as contemplated by the Initial Order.

(q) Governmental Approvals; Required Permits in Effect.

(i) subject to issuance of the Initial Order, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the transactions contemplated by this Agreement or any of the Documents, in each case, except for (i) the filing of PPSA financing statements and similar security or collateral filings and registrations under applicable laws in other jurisdictions, and (ii) such actions, consents, approvals, registrations and filings as have been made or obtained and are in full force and effect; and

(ii) all Required Permits are in full force and effect, except to the extent that the failure to have or maintain the same in full force and effect would not, when taken in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(r) Remittances Up to Date. All of the material remittances required to be made by the Obligors to Governmental Authorities which are due and payable have been made, are currently up to date and there are no outstanding arrears, other than those which are being contested by Permitted Contest.

(s) Agreed Budget and Updated Budgets. The Agreed Budget and each Updated Budget (when the same is delivered) are reasonable and have been prepared in good faith.

(t) Use of Borrowings. The Borrowers' use of the proceeds of Loans obtained by it (and the request for Advances therefor) complies with the requirements of Section 2.3.

(u) Payroll Obligations. No Obligor has defaulted in respect of its obligations for payroll and source deductions or is in arrears in respect of the payment of any such obligations.

(v) Environmental.

(i) to the best of the knowledge and belief of the Obligors, after due inquiry, the Obligors and their properties, assets and undertakings taken as a whole comply in all material respects and the businesses, activities and operations of same and the use of such properties, assets and undertakings and the processes and undertakings performed thereon comply in all material respects with all Environmental Laws; further, no Obligor knows, or has reasonable grounds to know, of any facts which result in or constitute or are likely to give rise to material non-compliance with any Environmental Laws.

(ii) no Obligor has received written notice and, except as previously disclosed to the Lender in writing, has no knowledge, after due inquiry, of any facts which could give rise to any notice of material non-compliance with any Environmental Laws and has not received any notice that any Obligor is a potentially responsible party for a federal, provincial, regional, municipal or local clean up or corrective action in connection with its properties, assets and undertakings.

(w) Taxes. Except as disclosed in Schedule 3.16 of the Seller Disclosure Schedule, each Obligor has duly filed on a timely basis all tax returns required to be filed by it and have paid all material Taxes which are due and payable, and has paid all material assessments and reassessments, and all other material Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against it, other than those which (i) are being contested by it by Permitted Contest or (ii) those arising from a voluntary disclosure which have an aggregate liability of $100,000 or less; it has made adequate provision for, and all required instalment payments have been made in respect of, Taxes payable for the current period for which returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by it or the payment of any Taxes; there are no actions or proceedings being taken by any taxation authority in any jurisdictions where any Obligor carries on business to enforce the payment of any Taxes by it other than those which are being contested by it by Permitted Contest.

(x) Structure. Holdco is the sole shareholder of each of the Cdn. Borrower and the U.S. Borrower, and no Person (other than an Obligor) has any right or option to purchase any of the issued and outstanding Equity Interests of any Obligor.

(y) Subsidiaries. The only Subsidiaries of each of Holdco, the Cdn. Borrower and the U.S. Borrower are as disclosed in Schedule 7.1(y) annexed hereto, as supplemented from time to time by the Borrowers within 10 Banking Days of the acquisition, creation or existence, or disposition, of each Subsidiary created, acquired or disposed of after the Effective Date. Each supplemented Schedule 7.1(y) sets forth a list of all of the Subsidiaries of each of Holdco, the Cdn. Borrower and the U.S. Borrower and identifies (A) the jurisdiction of incorporation, existence, organization or formation of each such Subsidiary and (B) each jurisdiction in which each such Person has assets or carries on a material part of its business. As at the Effective Date, the only Subsidiaries of Holdco are the Cdn. Borrower, the U.S. Borrower and the U.S. Guarantor.

(z) Insurance. Each Obligor is insured with financially sound and reputable insurance companies that are not Affiliates of the Borrowers, in such minimum amounts, with such maximum deductibles and covering such risks as are consistent with the insurance carried by companies engaged in similar businesses and owning similar properties in localities where such Obligor operates.

(aa) Intellectual Property. Each Obligor has or has the legal right to use all Intellectual Property necessary for the operation and conduct of its business, affairs, operations and processes and, to the best of the Obligors' knowledge and belief, no Person has asserted any claim or taken any step or proceedings to prohibit or limit the use of such Intellectual Property by the Obligors or any of them.

(bb) Material Agreements. Except for the contracts listed in Schedule 3.8 of the Seller Disclosure Schedule, as supplemented from time to time by the Obligors within 10 Banking Days of executing a new material agreement after the Effective Date, the Obligors have no material agreements. Save and except for any material breach, default or event of default or similar event or condition (howsoever described) brought about by the Obligors commencing the CCAA Proceeding or the US Proceeding, each material agreement of the Obligors is in full force and effect and no material breach, default or event of default or similar event or condition (howsoever described) by any Obligor is subsisting thereunder, except as set forth in Schedule 7.1(bb) annexed hereto.

(cc) Transactions with Related Parties. Except for the transactions referenced in Schedule 7.1(cc) annexed hereto, no Obligor is engaged in any transaction with any Related Party (other than another Obligor) on terms less favourable to such Obligor than those that would be obtainable by it in a comparable arm's-length transaction with a Person that is not a Related Party.

(dd) ERISA. Except as disclosed in writing to the Lender, neither Holdco, nor any ERISA Affiliate maintains, sponsors, participates in or contributes to any Pension Plan or any Multiemployer Plan. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect, and each Pension Plan has complied in all material respects with the applicable provisions of ERISA and the Code. Neither Holdco, nor any Borrower sponsors a "welfare benefit plan", as defined in Section 4.1 of ERISA, that is subject to ERISA and which provides post-retirement medical benefits, other than liability for continuation coverage described in Part 6 of Subtitle B of Title I of ERISA.

(ee) Sanctions and AML Laws and Regulations. No Obligor is (i) in violation of any Sanctions Laws and Regulations, (ii) in violation of any Anti-Money Laundering Laws and Regulations, (iii) a Designated Person, (iv) subject to or in violation of any sanctions, prohibitions or requirements imposed by any Executive Order or by any sanctions program administered by OFAC, (v) acting as agent for any person or government covered by any of the foregoing or (vi) subject to any action or investigation in respect of any of the foregoing.

7.2 Deemed Repetition

On the date of delivery by a Borrower of a Drawdown Notice to the Lender, and again on the date of any Drawdown made by a Borrower pursuant thereto:

(a) each of the representations and warranties contained in Section 7.1 shall be deemed to be repeated; and

(b) the Obligors shall be deemed to have represented to the Lender that no event has occurred and remains outstanding which would constitute a Default or an Event of Default nor will any such event occur as a result of the aforementioned Drawdown.

7.3 Other Documents

All representations, warranties, certifications and statements of any Obligor contained in any other Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Obligors to the Lender under Section 7.1 of this Agreement.

7.4 Effective Time of Repetition

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof or as at another date.

7.5 Nature of Representations and Warranties

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement and the making of each Drawdown, notwithstanding any investigations or examinations which may be made by the Lender or Lender's Counsel. Such representations and warranties shall survive until this Agreement has been terminated, provided that the representations and warranties relating to environmental matters shall survive the termination of this Agreement.

ARTICLE 8
GENERAL COVENANTS

8.1 Affirmative Covenants of the Obligors

So long as any Secured Obligation is outstanding or the Credit Facility is available hereunder, each Obligor covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

(a) Punctual Payment and Performance. Each Borrower shall duly and punctually pay the principal of all Loans, all interest thereon and all fees and other amounts required to be paid by such Borrower hereunder in the manner specified hereunder and each Obligor shall maintain, perform and observe all of its respective obligations under this Agreement and under any other Document to which it is a party.

(b) Books and Records. It shall keep proper books of record and account in which complete and correct entries will be made of its transactions in accordance with GAAP.

(c) Maintenance and Operation. It shall do or cause to be done all things necessary or required to have all its properties, assets and operations owned, operated and maintained, in all material respects, in accordance with diligent and prudent industry practice and Applicable Laws, and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy to the extent necessary to ensure that coverage under any such policy cannot be denied by the insurers thereunder.

(d) Maintain Existence; Compliance with Legislation Generally; Required Permits. Except as otherwise expressly permitted by Section 8.2(d) or (n), each Obligor shall preserve and maintain its existence as a corporation, partnership or trust under the laws of its jurisdiction of incorporation, organization or formation. Each Obligor shall do or cause to be done all acts necessary or desirable to comply with all Applicable Laws, except where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to preserve and keep in full force and effect all Required Permits and all other franchises, licences, rights, privileges, permits and Governmental Authorizations necessary to enable such Obligor to operate and conduct its business and own its properties and assets (including, without limitation, its material owned and leased real property) in all material respects, in accordance with Applicable Laws and prudent industry practice.

(e) Budgets, Financial Statements and Other Information. The Obligors shall deliver to the Lender:

(i) Working Capital Reports – when requested by the Lender, as soon as available and in any event within three (3) Banking Days of the Lender's request, a written report setting forth the Obligors' cash balances, accounts receivable and accounts payable, in each case, as at the end of the period covered by the Lender's request, such report and statement to include all supporting ledgers, analysis and other information for such period, each such report to be in a form and with such level of detail as shall be satisfactory to the Lender, acting reasonably;

(ii) Weekly Cashflow Reports and Projections – commencing April 24, 2023 and on each Wednesday thereafter, by no later than 2:00 pm (Vancouver time) on each such Wednesday:

(A) a written report (the "**Weekly Cashflow Report**"), in form (including reasonable supporting information, to the extent requested by the Lender) satisfactory to the Lender in its sole discretion, summarizing the Obligors' actual cash receipts and cash expenditures and outflows, on a line by line basis, for (i) the period ending on Friday of the prior week, and (ii) the cumulative period commencing on April 24, 2023 and ending on Friday of the prior week, including details with respect to any variances, as compared to the Agreed Budget for the corresponding periods; and

(B) an Updated Budget together with a written summary of any changes to the Agreed Budget or the preceding Updated Budget, as applicable (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless consented to by the Lender in its sole and absolute discretion (exercised reasonably)); and

(iii) Other - such other information, reports, certificates, projections of income and cash flow or other matters affecting the business, affairs, financial condition, property or assets of the Obligors as the Lender may reasonably request.

(f) Rights of Inspection. At any reasonable time and from time to time upon reasonable prior notice, each Obligor shall permit the Lender or any representative thereof (at the expense of the Borrowers) to (i) examine and make copies of and abstracts from the records and books of account of such Obligor, (ii) visit and inspect the premises and properties of such Obligor (in each case at the risk of the Borrowers, except for the gross negligence or willful misconduct of the inspecting party or the failure of any such inspecting party) and provided that the Lender (and its officers and employees) conducts such visit and inspection in accordance with Applicable Laws, prudent industry practice and the Borrowers' reasonable site safety requirements, and (iii) discuss the

affairs, operations, finances and accounts of the Obligors with any of the officers or directors of the Obligors.

(g) Notice of Material Litigation. The Borrowers shall promptly give written notice to the Lender of any litigation, proceeding or dispute affecting any Obligor in respect of a demand or claim in respect of which there is a reasonable possibility of an adverse determination and which (i) involves potential liability on the part of any Obligor in excess of $100,000, or (ii) if adversely determined would otherwise reasonably be expected to have a Material Adverse Effect, and shall, in each case, from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.

(h) Notice of Default or Event of Default. The Borrowers shall deliver to the Lender, as soon as reasonably practicable and in any event no later than 3 Banking Days after becoming aware of a Default or an Event of Default, an Officer's Certificate describing in detail such Default or such Event of Default and specifying the steps, if any, being taken to cure or remedy the same.

(i) Notice of Management Letters; Material Adverse Effect. The Borrowers shall, as soon as reasonably practicable, promptly notify the Lender of (i) receipt of any accountant's or auditor's letters relating to the preparation of financial statements of any Obligor, or (ii) any event, circumstance or condition that has had or is reasonably likely to have a Material Adverse Effect.

(j) Notice of Change of Ownership. The Borrowers shall promptly give written notice to the Lender of any change in ownership of the equity capital of any Obligor after the date hereof.

(k) Notice of ERISA Events. The Borrowers shall, as soon as reasonably practicable, give written notice to the Lender of the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrowers and Subsidiaries in an aggregate amount exceeding $500,000 (or the Equivalent Amount thereof).

(l) Payment of Taxes, Withholdings, etc. Each Obligor shall, from time to time, pay or cause to be paid all material Taxes, rents, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon such Obligor or any of its assets as and when the same become due and payable, except when and so long as the validity of any such material Taxes, rents, rates, levies, assessments, fees, dues or withholdings is being contested by such Obligor by a Permitted Contest.

(m) Payment of Preferred Claims. Each Obligor shall, from time to time, pay when due or cause to be paid when due, in accordance with the Agreed Budget, all material amounts related to wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in a lien, charge, Security Interest or similar encumbrance against the assets of such Obligor arising under statute or regulation, except when and so long as the validity of any such material amounts or other obligations is being contested by such Obligor by a Permitted Contest or when such material amounts or other obligations become due on termination of an employee and are of a kind that may become subject to a deemed Security Interest pursuant to section 81.3 or 81.4 of the of BIA.

(n) Environmental Covenants. Without limiting the generality of Section 8.1(d) above, each Obligor shall, and shall use commercially reasonable efforts to cause any other party acting under its direction to, conduct its business and operations and maintain their properties and assets so as to comply at all times with all Environmental Laws in all material respects. If any Obligor shall:

(i) receive or give any notice that a material violation of any Environmental Law has or may have been committed or is about to be committed by the same;

(ii) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a material violation of any Environmental Law; or

(iii) receive any notice requiring any Obligor to take any action in connection with the Release of Hazardous Materials into the environment or alleging that any Obligor may be liable or responsible for costs associated with a response to or to clean up a Release of Hazardous Materials into the environment or any damages caused thereby, the Borrowers shall promptly provide the Lender with a copy of such notice and shall furnish to the Lender from time to time all reasonable information requested by the Lender relating to the same.

(o) Milestones. The Borrower shall, and shall cause each other Obligor to, do all such further acts and things reasonably practicable to achieve all the Milestones, including complying with the reasonable best efforts undertakings set out in any Milestone.

(p) Compliance with Agreed Budget. The Borrowers shall and shall cause each other Obligor to manage and operate their respective properties and assets and conduct their respective businesses and activities, in each case, in a manner which is consistent with the Agreed Budget.

(q) Conference Calls. The Borrowers shall, and shall use commercially reasonable efforts, if requested by the Lender, to cause (i) its non-legal advisors to, participate on weekly conference calls with the Lender, and its non-legal advisors, to discuss the Agreed Budget and any Updated Budgets, the Borrowers' current and projected operational performance, and any related financial matters; and (ii) its sale advisor, Miller Buckfire & Co., LLC, to provide regular updates to the Lender and its advisors with respect to the sales process being undertaken by such advisors on behalf of the Obligors, including updates in a timely manner with respect to prospective bidders identified by the Borrowers or such advisors, communications with such prospective bidders and the identity of any bidders and details of bids received; further, the Borrowers shall provide and shall cause their financial advisors to provide the Lender and its advisors with draft copies of all materials prepared for distribution to potential bidders prior to such distribution, including any invitation or "teaser" letter, confidential information memorandum or management presentation.

(r) Notices, Filings and other Information. The Borrowers shall, on a timely basis, furnish to the Lender: (i) as soon as practically possible upon the entering of the same, a true and complete copy of the Final U.S. DIP Order and the Initial Order; (ii) notice of all material developments with respect to the business and affairs of the Obligors, including (without limitation) the development of a Plan or an Alternative Restructuring Option; (iii) within a reasonable period of time prior to filing with the Canadian Court or U.S. Court, which, in any event, shall be: (A) in respect of any pleading related or connected to this Agreement, including in respect of any Plan or Approved Sale, at least 3 Banking Days (or such shorter time agreed by the Lender, which consent may be provided via email) prior to any such filing or proposed filing by, or on behalf of, an Obligor, (B) in the event of any other filing or proposed filing by, or on behalf of, an Obligor, as soon as reasonably practicable in advance of filing, copies of all material pleadings, material motions, material applications, material proposed orders or financing information and other material documents, in each case, which could reasonably be expected to affect the Lender or this Agreement, in each case, proposed to be filed by, or on behalf of any Obligor; (iv) regular (which, in any event shall be at least once weekly) update calls regarding the status of the CCAA Proceedings and U.S. Proceedings including, without limitation, reports on the progress of any Plan, Alternative Restructuring Option or Approved Sale and any information which may otherwise be confidential; and (v) copies of any

financial reporting provided to the Information Officer and any reports or commentary received from the Information Officer regarding the financial position of the Obligors. In addition to the foregoing and without in any way derogating therefrom, the Borrowers shall provide to the Lender copies of all such other information relating to the business, affairs, operations and financial condition of any Obligor as the Lender may reasonably request.

(s) Use of Credit Facility. Unless otherwise agreed to in writing by the Lender, the Borrowers shall use the Credit Facility and the proceeds thereof solely: (i) (A) to finance operating expenses and restructuring costs in the CCAA Proceedings and U.S. Proceedings, (B) to pay (1) professional fees and (2) other items in accordance with the Agreed Budget and (C) for general corporate purposes of the Borrowers and the other Obligors, all in accordance with the Agreed Budget (including the funding of the Carve-Out); and (ii) to pay fees and expenses related to the Credit Facility, the CCAA Proceedings and the U.S. Proceedings in each case, as contemplated in the Initial Order or the Interim U.S. DIP Order or Final U.S. DIP Order, as applicable, provided that, no proceeds of any Loan will be used: (x) for any purpose which violates, or would be inconsistent with, Regulation T, Regulation U or Regulation X each as issued by the U.S. Federal Reserve, (y) by the Obligors to investigate, object to or challenge in any way any claims of the Lender against any of the Obligors in respect of the Credit Facility or of the Pre-Filing Secured Creditor under the Pre-Filing Secured Credit Agreement; or (z) to investigate, object to or challenge in any way the validity, perfection or enforceability of the Security Interests created pursuant to the Lender Charge or any Security Interests granted pursuant to the U.S. Proceedings.

(t) Compliance with CCAA Proceedings and U.S. Proceedings. The Borrowers shall and shall cause each other Obligor to comply with the provisions of each Restructuring Court Order.

(u) Notice of Negative Cash Flow Variance. Without limiting any other obligation of the Borrowers under the Documents, the Borrowers shall forthwith advise the Lender in writing if, as at the end of any period ending on Friday of the prior week, a Negative Cash Flow Variance exists.

(v) Required Insurance. Each Obligor shall maintain, with financially sound and reputable insurers, insurance with respect to its properties and business and against such casualties and contingencies and in such types and such amounts as shall be required by the Lender (acting reasonably) and, in any event, as shall be in accordance with prudent business practices for Persons of the size and type of business and operations as such Obligor and in the case of the Cdn. Borrower or the U.S. Borrower, shall include business interruption insurance and third-party liability insurance. Each Obligor shall cause the Lender to be named loss payee or additional insured on each of its insurance policies required hereunder. In addition, the Borrowers shall provide to the Lender, promptly upon the Lender's request, (i) evidence of compliance with this Section 8.1(v), and (ii) a certified copy of each applicable policy of insurance.

(w) Intellectual Property. Each Obligor shall own, or have the legal right to use, all Intellectual Property necessary for the operation and conduct of its business, affairs, operations and processes.

(x) Cash Management; Accounts. To the extent authorized by the U.S. Court in the U.S. Proceedings, each of the Obligors shall cause all of its deposit accounts (other than the escrow account established in connection with the funding of the Carve-Out), securities accounts, and treasury accounts to be maintained with a branch of the Lender.

8.2 Negative Covenants of the Obligors

So long as any Secured Obligation is outstanding or any Credit Facility is available hereunder, each Obligor covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

(a) Change of Business/Holdco to remain a Passive Holding Company.

(i) No Obligor shall change in any material respect the nature of its business or operations from the types of business and operations carried on by such Obligor on the date hereof.

(ii) Holdco shall not engage in any business or activities other than (A) its ownership of the Equity Interests of the Cdn. Borrower, (B) management of the Cdn. Borrower, (C) the issuance of Equity Interests and the investment of any proceeds therefrom in the Cdn. Borrower, and (D) entering into contracts and incurring other obligations in the ordinary course of business; provided that at no time shall Holdco own any property or assets other than the Equity Interests of the Cdn. Borrower.

(b) Negative Pledge. No Obligor shall create, issue, incur, assume or permit to exist any Security Interests on any of its property, undertakings or assets other than Permitted Encumbrances.

(c) No Restrictions on Pledge. No Obligor shall, directly or indirectly (except pursuant to the Documents):

(i) create or otherwise cause or suffer to exist or become effective any consensual restriction or encumbrance of any kind on the ability of such Obligor to make Distributions on any of its Equity Interests or to pay fees, including management fees, or make other payments to any other Obligor; or

(ii) enter into, assume or become subject to any agreement prohibiting or otherwise restricting the existence of any Security Interest upon any of its property, assets, or undertaking in favor of the Lender, whether now owned or hereafter acquired, except pursuant to agreements in connection with Debt of the type permitted under clause (g) of the definition of Permitted Debt, so long as such prohibition or restriction is limited to the assets financed with such Debt.

(d) Restriction on Amalgamation, etc. No Obligor shall enter into or become party to any transaction (each a "**Reorganization Transaction**") or merger, amalgamation, consolidation, winding-up, plan of arrangement, reorganization or restructuring with any Person or enter into any transaction by way of transfer, liquidation, dissolution, sale, lease, disposition or otherwise whereby all or substantially all of its undertaking, property or assets would become the property of any other Person, or take any corporate, limited liability company, partnership or trust action in pursuance of any of the foregoing; provided that any Obligor may undertake a Reorganization Transaction if such Reorganization Transaction is undertaken pursuant to an (i) Approved Sale or (ii) an Alternative Restructuring Option that is either consented to by the Lender or that would result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement upon the closing of such Reorganization Transaction.

(e) Restriction on Dispositions. Except for Permitted Dispositions, no Obligor shall sell, transfer, exchange, lease, release or otherwise dispose of property or assets, whether in one or a series of transactions. Holdco shall not sell, transfer, exchange, release or otherwise dispose of its Equity

Interests of the Cdn. Borrower. The Cdn. Borrower shall not sell, transfer, exchange, release or otherwise dispose of its Equity Interests of the U.S. Borrower.

(f) Limit on Sale-Leasebacks. No Obligor shall enter into any Sale-Leaseback, synthetic lease or similar transaction involving any of its assets.

(g) Limit on Debt. No Obligor shall have or incur any Debt other than Permitted Debt.

(h) Limit on Investment. No Obligor shall make Investments other than:

(i) Investments consisting of Financial Assistance permitted under Section 8.2(j) below;

(ii) Investments in other Obligors contemplated by the Agreed Budget;

(iii) Investments contemplated by the Agreed Budget.

(i) Limits on Distributions and Payments on account of Subordinated Debt. No Obligor shall make any Distribution, payment of management fees, or payment of principal or interest on account of subordinated debt other than (i) a Distribution that is permitted by a Restructuring Court Order, provided that any such Distribution does not cause a Default or Event of Default, (ii) Distributions that are provided for in the Agreed Budget, and (iii) Distributions to another Obligor in accordance with the Agreed Budget.

(j) Limit on Financial Assistance. No Obligor shall provide any Financial Assistance to or in favour of any Person except for Permitted Financial Assistance.

(k) No Financial Instruments. No Obligor shall enter into or transact any Financial Instruments after the Effective Date.

(l) Cash Management; Accounts. No Obligor shall open or maintain any deposit account or treasury account or enter into any cash management agreement or arrangement with any financial institution other than the Lender, except to the extent required by a final order of the U.S. Court entered in the U.S. Proceedings.

(m) Non-Arm's Length Transactions. No Obligor shall enter into any contract, agreement or transaction whatsoever, including for the sale, purchase, lease or other dealing in any property or the provision of any services, with any Related Party (other than another Obligor) except (i) contracts, agreements, or transactions upon fair and reasonable terms, which terms are not less favourable to such Obligor than it would obtain in an arm's length transaction and, if applicable, for consideration which equals the fair market value of such property or other than at a fair market rental as regards leased property.

(n) No Amalgamation, Merger, etc. Other than the Stalking Horse Bid or another APA entered into in accordance with the Bidding Procedures (as defined in the Stalking Horse Bid), Obligor shall enter into, or agree to enter into, any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise (and whether such transaction is consensual or hostile) except, in the case of any Obligor other than a Borrower, where the successor thereto or transferee thereof is a Borrower or a Guarantor.

(o) Fiscal Periods. No Obligor shall cause any Quarter End to end on a date other than as set out in the definition of Quarter End without the prior written consent of the Lender.

(p) Sanctions and AML Laws and Regulations.

(i) No Obligor shall, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity (A) to fund any activities or business of or with any Designated Person, or in any country or territory, that at the time of such funding is the subject of any sanctions under any Sanctions Laws and Regulations or (B) in any other manner that would result in a violation of any Sanctions Laws and Regulations by any party to this Agreement.

(ii) Each Obligor shall use commercially reasonable efforts to ensure that none of the funds or assets used to pay any amount due pursuant to this Agreement constitute funds derived from any unlawful activity, including without limitation (A) activities in violation of Anti-Money Laundering Laws and Regulations or (B) transactions with or relating to Designated Persons or countries which are the subject of sanctions under any Sanctions Laws and Regulations.

(q) Distribution of Funds Only to Obligors. Except as set out in the Agreed Budget, no Obligor shall permit to occur, any payment or distribution of funds (whether from proceeds of any Loan under the Credit Facility or otherwise) from an Obligor to any Affiliate that is not an Obligor.

(r) Payments Consistent with Agreed Budget. The Obligors shall not make any payment or distribution which is not consistent with the Agreed Budget.

(s) Approved Sale Restriction. Without the prior written consent of the Lender, the Obligors shall not seek any authorization, approval or other order of the Canadian Court or the U.S. Court which will result in, or would reasonably be expected to result in, the authorization, approval or other order of such Canadian Court or U.S. Court of a sale of its assets, business and undertaking other than pursuant to an Approved Sale; *provided* that nothing in this Section 8.2(s) shall, or shall be deemed to, prohibit or restrict an Obligor's fulfillment of any fiduciary duty in accordance with Applicable Law, including pursuant to section 1107 of the Bankruptcy Code.

(t) Payments under Employment Benefit Plans. The Obligors shall not make any payment or distribution in respect of post-employment benefit payments (excluding the KERP and KEIP).

(u) New Subsidiaries. None of the Obligors shall acquire, create or cause to exist any Subsidiary which does not already exist on and as of the date hereof.

8.3 Lender May Perform Covenants

If the Obligors or any of them fail to perform any covenants on their part herein contained, subject to any consents or notice or cure periods required by Section 10.1, the Lender may give notice to the Borrowers of such failure and if such covenant remains unperformed, the Lender may, in its discretion but need not, perform any such covenant capable of being performed by the Lender and if the covenant requires the payment or expenditure of money, the Lender may make such payments or expenditure and all sums so expended shall be forthwith payable by the Borrowers to the Lender and shall bear interest at the applicable interest rate provided in Section 5.6. No such performance, payment or expenditure by the Lender shall be deemed to relieve the Obligors or any of them of any default hereunder or under the other Documents.

ARTICLE 9
SECURITY

9.1 Security

Subject to the Carve-Out, to secure the payment and performance of all amounts from time to time owing by the Obligors to the Lender (including without limitation, all Loans, interest thereon and all fees, legal and other costs, charges and expenses) and all obligations owing by the Obligors to the Lender, in each case, under or pursuant to the Documents and which may arise pursuant to the CCAA Proceedings and the U.S. Proceedings, including any amounts owing under the MasterCard Facilities, as defined in the Pre-Filing Secured Credit Agreement (collectively, the "**Secured Obligations**"), the Borrowers shall, or shall cause:

(a) the Lender Charge to be granted to and in favour of the Lender;

(b) each Guarantor to execute and deliver to the Lender an Obligor Guarantee; and

(c) each Obligor to execute and deliver to the Lender such other security documents, agreements and instruments as the Lender may, acting reasonably, require,

(collectively, the "**Security**"). In addition to and without in any way derogating from the foregoing, the Lender's Account for Payments shall be subject to a priority Security Interest in favour of the Lender, subordinate only to the Permitted Priority Liens set forth in paragraphs (a) and (c) of the definition thereof and the Carve-Out.

9.2 Forms

The Security will be in such form or forms as will be required by the Lender, acting reasonably. Should the Lender determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Lender with the Guarantees and Security Interests and priority to which each is entitled hereunder, the Obligors will forthwith execute and deliver to the Lender, at the Borrowers' expense, such amendments to the Security or provide such new Guarantees or security as the Lender may reasonably request, in a form satisfactory to the Lender, acting reasonably.

9.3 No Merger

The taking of any Security as provided under this Agreement shall not operate by way of merger of any of the obligations of any Obligor under this Agreement or any other agreement evidencing Secured Obligations, or of any Security Interest, Guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Lender shall operate by way of merger or in any way affect the obligations provided for in this Agreement or any other agreement evidencing Secured Obligations. For greater certainty, no judgment recovered by the Lender shall operate by way of merger or in any way affect the obligation of the Borrowers to pay interest at the rates, times and manner as provided in this Agreement or any other agreement evidencing Secured Obligations.

9.4 Permitted Encumbrances and Permitted Debt

None of:

(a) the fact that any person is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Debt;

(b) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or Permitted Debt; or

(c) the fact that the Security Interests created pursuant to the Security are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances;

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Security to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that the Secured Obligations are in any way subordinate or junior in right of payment to any Permitted Debt, it being the intention of the parties that all Security Interests created pursuant to the Security shall at all times, to the maximum extent permitted by applicable law and subject to Permitted Priority Liens and the Carve-Out, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the Secured Obligations will rank in right of payment at all times at least equally with such Permitted Debt.

9.5 Dealing with Security

The Lender may grant extensions of time or other indulgences, take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with the Obligors or any of them and other parties and with security (including without limitation, the Security and each part thereof) as the Lender may see fit, without prejudice to or in any way limiting the liability of the Obligors or any of them under this Agreement or the other Documents or under any of the Security or any other collateral security.

9.6 Effectiveness

The Security and the security created by any other Document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other Document shall be continuing, whether any Loans are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of such Security Interests or before or after or upon the date of execution of any amendments to this Agreement.

9.7 Further Assurances – Security

Each Obligor shall, forthwith and from time to time on the reasonable request of the Lender, grant to the Lender all such further rights and Security Interests necessary or of advantage to the Lender to permit it to operate the assets and business of the Obligors in a liquidation of assets or as a going concern following the occurrence of an Event of Default. In addition, each Obligor shall forthwith and from time to time on the reasonable request of the Lender execute and do or cause to be executed and done all assurances and things which in the opinion of the Lender may be necessary or of advantage to give the Lender the Security Interests and the priority intended hereunder to be created by the Security.

9.8 Release and Discharge of Security

No Obligor shall be discharged from the Security or any part thereof except by a written release and discharge signed by the Lender; provided that (1) to the extent such Security applies to a Permitted Disposition, the Lender shall provide a release or no interest letter in respect of the property and assets subject to such Permitted Disposition, promptly upon the request of the applicable Obligor, or (2) if all of the Secured Obligations have been unconditionally and indefeasibly repaid, paid, satisfied and discharged, as the case may be, in full and the Credit Facility and the Lender's commitment thereunder have been fully cancelled, then the Lender shall cause the Security and its interest therein to be released and discharged at the expense of the Borrowers.

ARTICLE 10
EVENTS OF DEFAULT AND ACCELERATION

10.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an "**Event of Default**") shall constitute a default under this Agreement:

(a) Principal Default: if a Borrower fails to pay the principal of any Loan hereunder when due and payable;

(b) Other Payment Default: if a Borrower fails to pay:

(i) any interest (including, if applicable, default interest) accrued on any Loan; or

(ii) any fees or other amounts not specifically referred to in paragraph (a) above or in this paragraph (b) payable by a Borrower hereunder;

in each case when due and payable, and such default is not remedied within two (2) Banking Days after written notice thereof is given by the Lender to the Borrowers specifying such default and requiring the relevant Borrower to remedy or cure the same;

(c) Certain Covenant Defaults: if any Obligor fails to observe or perform any covenant in Section 8.2 or any negative covenant set forth in any Document;

(d) Breach of Other Covenants: if any Obligor fails to observe or perform any covenant or obligation herein or in any other Document required on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section) and the relevant Obligor shall fail to remedy such default within a period of three (3) Banking Days after the earlier of a Borrower or such Obligor having actual knowledge of such failure and delivery of notice by the Lender to the Borrowers specifying such default and requiring the relevant Obligor to remedy or cure the same;

(e) Incorrect Representations: if any representation or warranty made by any Obligor herein or in any other Document shall prove to have been incorrect or misleading in any material respect on and as of the date made, or if any such representation or warranty is qualified as to "in all material respects", "materiality", "Material Adverse Effect" or similar language, such representation or warranty shall prove to have been incorrect or misleading in any respect on and as of the date made, and, in each case, the facts or circumstances which make such representation or warranty incorrect or misleading are not remedied and the representation or warranty in question remains incorrect or

misleading more than five (5) Banking Days after a Borrower or any such Obligor becomes aware that such representation or warranty was incorrect or misleading in any respect;

(f) Disposition of Assets: if any Obligor shall pass an effective resolution or initiate steps or proceedings (including applications to the Canadian Court and the U.S. Court) without the prior written consent of the Lender for the purpose of authorizing the disposition of all or a material amount of its property, assets and undertakings (except for a disposition in accordance with and as permitted by Section 8.2(e));

(g) Invalid Documents: if any material provision of any Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby;

(h) Adverse Proceedings: (i) if any proceeding, motion or application is commenced or filed by any of the Obligors, or, if commenced by another party, supported or otherwise consented to by any Obligor, seeking the invalidation, subordination or other challenging of the terms of the Credit Facility, the Lender Charge, this Agreement, any other Document or the Initial Order; (ii) the filing of any Plan or application to the Canadian Court or the U.S. Court for approval of an Alternative Restructuring Option or sale of all or substantially all of the assets of the Obligors which does not either (A) have the prior written consent of the Lender or (B) result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement upon the earlier of (x) the closing of such sale or Alternative Restructuring Transaction or upon the effective date of such Plan, and (y) the Maturity Date; or (iii) if any Obligor commences an action or takes any other proceeding to obtain any form of relief against the Lender, or the Pre-Filing Secured Creditor or any Affiliate thereof, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by the Lender, or the Pre-Filing Secured Creditor or any Affiliate thereof to any Obligor or any Affiliate thereof if the Lender, the Pre-Filing Secured Creditor or such Affiliate disputes any of the same;

(i) Restructuring Court Orders: if: (i) any Restructuring Court Order contravenes this Agreement or any other Document so as to materially adversely impact the rights or interests of the Lender, as determined by the Lender, acting reasonably; or (ii) any Obligor breaches or otherwise violates in any way any Restructuring Court Order or (iii) the occurrence of any "Event of Default" as defined in the Interim U.S. DIP Order or the Final U.S. DIP Order;

(j) Court Order: the issuance of an order of the Canadian Court or the U.S. Court (including any Restructuring Court Order) or any other court of competent jurisdiction: (i) dismissing the CCAA Proceedings or U.S. Proceedings, or lifting the stay in the CCAA Proceedings or U.S. Proceedings to permit (A) the enforcement of any Security Interest against an Obligor, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a Receiver or the making of a bankruptcy order against an Obligor; (ii) granting any Security Interest which is senior to or *pari passu* with or senior to the Lender Charge, other than the Carve-Out; (iii) staying, reversing, vacating or otherwise modifying the Documents or any Restructuring Court Order in a manner materially adverse to the interests of the Lender, as determined by the Lender acting reasonably; (iv) materially adversely impacting the rights and interests of the Lender, as determined by the Lender acting reasonably, without the prior written consent of the Lender; (v) directing any Obligor to pay any post-employment benefits (excluding the KERP and KEIP); or (vi) other than the Carve-Out, granting, approving or allowing any administrative expense claim in the U.S. Proceedings, having any priority over, or being *pari passu* with, the superadministrative priority of the Credit Facility Indebtedness;

(k) Prohibited Filings: the filing of any pleading by any Obligor seeking any of the matters set forth in Section 10.1(j) or failure of any Obligor to diligently oppose any Person that brings an application or motion for the relief set out in Section 10.1(j);

(l) Updated Budget Default: if any information in the Updated Budget or Weekly Cashflow Report: (i) contemplates or forecasts an adverse change or changes from the then existing Agreed Budget and such change or changes constitute a Material Adverse Change; or (ii) forecasts that Advances under the Credit Facility will exceed the total authorized amount of the Credit Facility at any time (unless and until the Lender consents to increase the total authorized amount of the Credit Facility, which shall be in the Lender's sole and absolute discretion);

(m) Cash Flow Test: if, after the date of this Agreement, as at the applicable calculation date, a Negative Cash Flow Variance exists, other than a variance solely due to: (i) changes in currency exchange rates, or (ii) the payment of professionals engaged by the Lender.

(n) Material Adverse Change: if there occurs any Material Adverse Change;

(o) Excess Advances: if at any time the Outstanding Principal exceeds the total authorized amount of the Credit Facility, provided that if such excess is a result of exchange rate fluctuations, if such excess is not repaid in accordance with Section 2.11;

(p) Plans and Alternative Restructuring Options: if any Plan is filed with the U.S Court or the Canadian Court for approval or sanctioned or any Alternative Restructuring Option is filed with the U.S Court or the Canadian Court for approval or consummated by any of the Obligors that is not consistent with or contravenes any provision of this Agreement or any other Document;

(q) Prohibited Payments: if except as set out in the Agreed Budget, or except or as otherwise agreed to in writing by the Lender, any Obligor is required by any Governmental Authority to make expenditures or pay damages, fines, claims, costs or expenses to remediate, in respect of any environmental liabilities, and such requirement is not stayed by a Restructuring Court Order;

(r) Permitted Priority Liens: if any Obligor creates, permits to exist or seeks or supports a motion by another party to provide to any third party a Security Interest on the Collateral which is senior to or *pari passu* with the Lender Charge, other than the Permitted Priority Liens;

(s) Change in Name or Location: if any Obligor changes its name, its trade name or its locations of business from those set forth in Schedule 7.1(e) annexed hereto without giving the Lender fifteen (15) days' prior notice thereof;

(t) Amend or Terminate Material Contracts: if any Obligor disclaims, rejects, modifies, alters, amends, replaces, knowingly waives strict and timely performance of any compliance with (including, without limitation waive any default under) any material contract or terminates, cancels or suspends or assigns any material contract (except in accordance with its terms) or any material term, agreement, provision, item, obligation or covenant contained in any material contract, in each case, in any material respects without the consent of the Lender;

(u) Insurance Proceeds: if any Obligor makes any application or use of any insurance proceeds (other than proceeds in respect of business interruption insurance) received by it in respect of any single claim or event which are not used to repair or replace any property which are the subject of such insurance claim until such application has been approved by the Lender in writing;

(v) Milestones: the failure to achieve any one or more of the Milestones at the prescribed times including, for greater certainty, an Event of Default shall occur for the failure by the Obligors to use reasonable best efforts as prescribed by any particular Milestone;

(w) Bankruptcy, Receivership or Insolvency Proceedings: if any Obligor becomes subject to any receivership proceedings or bankruptcy proceedings under the BIA or to any proceeding under chapter 7 or chapter 11 of the Bankruptcy Code or in any United States Bankruptcy Court other than the U.S. Court, or to any other bankruptcy, receivership or insolvency proceedings in any jurisdiction other than Canada, the United States or any State thereof, other than the U.S. Proceedings and CCAA Proceedings; or

(x) ERISA: if (i) Holdco or any Borrower shall engage in any non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Pension Plan; or (ii) any ERISA Event shall occur and, taking together all such events, is reasonably expected to have a Material Adverse Effect.

10.2 Acceleration

If any Event of Default shall occur and for so long as it is continuing, subject to the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable:

(a) the entire principal amount of all Loans then outstanding from the Borrowers and all accrued and unpaid interest thereon; and

(b) all other Secured Obligations outstanding hereunder,

shall, at the option of the Lender, become immediately due and payable (and, concurrently therewith, the Credit Facility and the Lender's commitment hereunder shall be fully and unconditionally cancelled) upon written notice (an "**Acceleration Notice**") to that effect from the Lender to the Borrowers, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are hereby expressly waived by the Borrowers); provided that, upon the occurrence of an Event of Default specified in Section 10.1(j)(i) (an "**Acceleration Event**") all Loans and other Secured Obligations outstanding hereunder shall automatically become due and payable (and, concurrently therewith, the Credit Facility and the Lender's commitment hereunder shall be fully and unconditionally cancelled) subject to any notice requirements set forth in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable. In such event and if the Borrowers do not immediately pay all such amounts upon receipt of any required notice, the Lender may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against the Borrowers authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Borrowers to the Lender and proceed to exercise any and all rights hereunder and under the other Documents and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

10.3 Termination of Lender's Obligations

The occurrence of a Default or Event of Default shall relieve the Lender of all obligations to provide any further Drawdowns to the Borrowers hereunder for so long as such Default or Event of Default is continuing; provided that the foregoing shall not prevent the Lender from disbursing money requested by the Borrowers and acceptable to the Lender.

10.4 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender hereunder or under any other Document are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any other Document as a result of any other default or breach hereunder or thereunder.

10.5 Application of Payments Following Demand and Acceleration

Subject to the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, except as otherwise agreed to by the Lender in its sole discretion, any sum received by the Lender at any time after delivery of an Acceleration Notice or the occurrence of an Acceleration Event which the Lender is obliged to apply in or towards satisfaction of sums due from the Borrowers hereunder shall be applied by the Lender in accordance with amounts owed to the Lender in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

(a) firstly, in or towards payment of any fees or expenses then due and payable to the Lender hereunder;

(b) secondly, in or towards payment of amounts due and payable to the Lender as and by way of recoverable expenses hereunder;

(c) thirdly, in or towards payment of amounts due and payable to the Lender by way of interest and overdue interest;

(d) fourthly, in or towards repayment to the Lender of the Loans then outstanding hereunder; and

(e) fifthly, in or towards payment of any other amounts not already referred to in this Section 10.5, which are then due and payable by the Borrowers hereunder.

10.6 Remedies

After an Event of Default:

(a) Enforce Security: the Lender may take such actions and commence such proceedings as the Lender in its sole discretion may determine and may enforce or otherwise realize upon any Security, all without any obligation to marshal any Security Interests and without additional notice, presentation, demand or protest, all of which each of the Obligors hereby expressly waives (to the extent such rights may be waived under Applicable Law);

(b) General Remedies: the rights and remedies of the Lender under the Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. The Lender

may, to the extent permitted and not prohibited by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

(i) Specific Performance: the specific performance of any covenant or agreement contained in the Documents;

(ii) Injunction: enjoining a violation of any of the terms of the Documents;

(iii) Assistance: aiding in the exercise of any power granted by the Documents or by law;

(iv) Judgment: obtaining and recovering judgment for any and all amounts due in respect of the Loans or amounts otherwise due hereunder or under the Documents;

(v) Receiver: seeking, by way of an application to the Canadian Court the appointment of a Receiver or similar official and such related proceedings in the U.S. Court as may be required;

(vi) BIA/Chapter 7: seeking to adjudicate the Obligors bankrupt or convert the CCAA Proceedings and the U.S. Proceedings to proceedings under the BIA and/or proceedings under chapter 7 of the Bankruptcy Code;

(vii) Information Officer: seeking to expand the powers of the Information Officer, pursuant to the terms of an order of the Canadian Court satisfactory to the Information Officer, to allow the Information Officer to realize on the Collateral and such ancillary and related relief before the U.S. Court as may be required; or

(viii) Remedies at Law: exercising the powers and rights of a secured party under the *Personal Property Security Act* (British Columbia), the *Uniform Commercial Code* (United States) or any legislation of similar effect and all such other rights and remedies under the Documents, the Restructuring Court Orders and Applicable Law.

10.7 Set-Off

(a) Subject to the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, in addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of an Event of Default which remains unremedied (whether or not the Loans have been accelerated hereunder), the Lender shall have the right (and is hereby authorized by each of the Obligors) at any time and from time to time to combine all or any of the Obligors' accounts with the Lender and to set-off and to appropriate and to apply any and all deposits (general or special, term or demand) including indebtedness evidenced by certificates of deposit whether matured or unmatured, and any other indebtedness at any time held by any of the Obligors or owing by the Lender to or for the credit or account of any of the Obligors against and towards the satisfaction of any Secured Obligations owing by any of the Obligors, and may do so notwithstanding that the balances of such accounts and the liabilities are expressed in different currencies, and the Lender is hereby authorized to effect any necessary currency conversions at the spot rate of exchange announced by the Bank of Canada for the Banking Day before the day of conversion.

(b) The Lender shall provide advanced written notice to the Borrowers of any such set-off from the Obligors' accounts in accordance with the Interim U.S. DIP Order and the Final U.S. DIP Order, as applicable.

ARTICLE 11
CHANGE OF CIRCUMSTANCES

11.1 Change in Law

(a) If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority or entity in each case after the date hereof (including, without limitation, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and all requests, rules, regulations, guidelines and directives thereunder or issued in connection therewith and all requests, rules, regulations, guidelines and directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority or any United States, Canadian or foreign regulatory authority), in each case regardless of the date enacted, adopted, or issued):

(i) subjects the Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Taxes (other than Taxes on the Lender's overall income), or changes the basis of taxation of payments due to the Lender, or increases any existing Taxes (other than Taxes on the Lender's overall income) on payments of principal, interest or other amounts payable by a Borrower to the Lender under this Agreement;

(ii) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by the Lender, or any acquisition of funds for loans or commitments to fund loans or obligations in respect of undrawn, committed lines of credit;

(iii) imposes on the Lender or requires there to be maintained by the Lender any capital adequacy or additional capital requirements (including, without limitation, a requirement which affects the Lender's allocation of capital resources to its obligations) in respect of any Loan or obligation of the Lender hereunder, or any other condition with respect to this Agreement; or

(iv) directly or indirectly affects the cost to the Lender of making available, funding or maintaining any Loan (other than changes in Taxes on the Lender's overall income) or otherwise imposes on the Lender any other condition or requirement affecting this Agreement or any Loan or any obligation of the Lender hereunder;

and the result of (i), (ii), (iii) or (iv) above, in the sole determination of the Lender acting in good faith, is:

(v) to increase the cost to the Lender of performing its obligations hereunder with respect to any Loan;

(vi) to reduce any amount received or receivable by the Lender hereunder or its effective return hereunder or on its capital in respect of any Loan or the Credit Facility; or

(vii) to cause the Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by the Lender hereunder with respect to any Loan or the Credit Facility;

the Lender shall determine that amount of money which shall compensate the Lender for such increase in cost, payments to be made or reduction in income or return or interest foregone (herein referred to as "**Additional Compensation**"). Upon the Lender having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section, the Lender shall promptly so notify the Borrowers. The Lender shall provide the Borrowers with a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrowers shall pay to the Lender within 10 Banking Days of the giving of such notice the Lender's Additional Compensation. The Lender shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section are then applicable notwithstanding that the Lender has previously been paid any Additional Compensation.

(b) The Lender agrees that it will not claim Additional Compensation from the Borrowers under Section 12.4(a) if it is not claiming similar compensation from its other customers in similar circumstances or in respect of any period greater than twelve months prior to the delivery of notice in respect thereof by the Lender, unless, in the latter case, the adoption, change or other event or circumstance giving rise to the claim for Additional Compensation is retroactive or is retroactive in effect.

11.2 Illegality

If the Lender determines, in good faith, that the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority or entity, now or hereafter makes it unlawful or impossible for the Lender to make, fund or maintain a Loan under the Credit Facility or to give effect to its obligations in respect of such a Loan, the Lender may, by written notice thereof to the Borrowers declare its obligations under this Agreement in respect of such Loan to be terminated whereupon the same shall forthwith terminate, and the relevant Borrower shall, within the time required by such law (or at the end of such longer period as the Lender at its discretion has agreed), prepay the principal of such Loan together with accrued interest, such Additional Compensation as may be applicable with respect to such Loan to the date of such payment and all costs, losses and expenses incurred by the Lender by reason of the liquidation or re deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Loan or any part thereof on other than the last day of the applicable Interest Period. If any such change shall only affect a portion of the Lender's obligations under this Agreement which is, in the opinion of the Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Borrowers hereunder, the Lender shall only declare its obligations under that portion so terminated.

ARTICLE 12
COSTS, EXPENSES AND INDEMNIFICATION

12.1 Costs and Expenses

The Borrowers shall pay promptly upon notice from the Lender all reasonable out-of-pocket costs and expenses of the Lender in connection with the Documents and the establishment of the Credit Facility, including in connection with (a) the preparation, printing, execution and delivery of this

Agreement and the other Documents and (b) the Lender's and any third party's due diligence investigation of the Obligors, in each case whether or not any Drawdown has been made hereunder, and also including, without limitation, the reasonable fees and out-of-pocket costs and expenses of Lender's Counsel with respect thereto and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the other Documents. Except for ordinary expenses of the Lender relating to the day-to-day administration of this Agreement, the Borrowers further agree to pay within 10 days of demand by the Lender all reasonable out-of-pocket costs and expenses in connection with the preparation or review of waivers, consents and amendments pertaining to this Agreement, and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lender under this Agreement and other Documents, including, without limitation, all reasonable out-of-pocket costs and expenses sustained by the Lender as a result of any failure by the Obligors to perform or observe any of their respective obligations hereunder or in connection with any action, suit or proceeding (whether or not an Indemnified Party is a party or subject thereto), together with interest thereon from and after such 10th day if such payment is not made by such time.

12.2 General Indemnity

In addition to any liability of the Borrowers to the Lender under any other provision hereof, the Borrowers shall indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including, without limitation, any expense or cost incurred in the liquidation and re deployment of funds acquired to fund or maintain any portion of a Loan and reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client basis) incurred by the same as a result of or in connection with the Credit Facility or the Documents (including any use of the proceeds of any Loan), including as a result of or in connection with:

(a) any cost or expense incurred by reason of the liquidation or re-deployment in whole or in part of deposits or other funds required by the Lender to fund or maintain any Loan as a result of a Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder;

(b) a Borrower's failure to pay any other amount, including without limitation any interest or fee, due hereunder on its due date after the expiration of any applicable grace or notice periods (subject, however, to the interest obligations of the Borrowers hereunder for overdue amounts);

(c) a Borrower's failure to give any notice required to be given by it to the Lender hereunder;

(d) the failure of a Borrower to make any other payment due hereunder;

(e) any inaccuracy or incompleteness of the Obligors' representations and warranties contained in Article 7;

(f) any failure of the Obligors to observe or fulfil their obligations under Article 8;

(g) any failure of the Obligors to observe or fulfil any other obligation not specifically referred to above; or

(h) the occurrence of any Default or Event of Default in respect of any Obligor,

provided that this Section shall not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or willful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section shall survive repayment of the Secured Obligations.

12.3 Environmental Indemnity

The Borrowers shall indemnify and hold harmless the Indemnified Parties forthwith on demand by the Lender from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, penalties, obligations, judgments, charges, expenses and disbursements (including without limitation, all reasonable legal fees and disbursements on a solicitor and his own client basis) of any nature whatsoever, suffered or incurred by the Indemnified Parties or any of them in connection with the Credit Facility, whether as beneficiaries under the Documents, as successors in interest of the Obligors, or voluntary transfer in lieu of foreclosure, or otherwise howsoever, with respect to any Environmental Claims relating to the property of the Obligors arising under any Environmental Laws as a result of the past, present or future operations of the Obligors (or any predecessor in interest thereto) relating to the property of the Obligors, or the past, present or future condition of any part of the property of the Obligors owned, operated or leased by the Obligors (or any such predecessor in interest), including any liabilities arising as a result of any indemnity covering Environmental Claims given to any Person by the Lender or a receiver, receiver manager or similar Person appointed hereunder or under applicable law (collectively, the "**Indemnified Third Party**"); but excluding any Environmental Claims or liabilities relating thereto to the extent that such Environmental Claims or liabilities arise by reason of the gross negligence or willful misconduct of the Indemnified Party or the Indemnified Third Party claiming indemnity hereunder. The provisions of this Section shall survive the repayment of the Secured Obligations.

12.4 Judgment Currency

(a) If for the purpose of obtaining or enforcing judgment against the Obligors or any of them in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section referred to as the "**Judgment Currency**") an amount due in Canadian Dollars under this Agreement, the conversion shall be made at the rate of exchange prevailing on the Banking Day immediately preceding:

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that will give effect to such conversion being made on such date; or

(ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section being hereinafter in this Section referred to as the "**Judgment Conversion Date**").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 12.4(a)(ii), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the relevant Obligors shall pay such additional amount (if any) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Canadian Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(c) Any amount due from the Obligors under the provisions of Section 12.4(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement.

(d) The term "rate of exchange" in this Section 12.4 means the rate of exchange for Canadian interbank transactions in Canadian Dollars in the Judgment Currency published by the Bank of Canada for

the day in question, or if such rate is not so published by the Bank of Canada, such term shall mean the rate of exchange determined by the Lender, acting reasonably.

12.5 Waiver of Consequential Damages, Etc.

To the fullest extent permitted by applicable law, the Obligors shall not assert, and each of the Obligors hereby waives, any claim against the Lender, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan advanced hereunder, or the use of the proceeds thereof. The Lender shall not be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Documents or the transactions contemplated hereby or thereby.

ARTICLE 13
INTERPRETATION; GENERAL

13.1 Survival of Undertakings

All covenants, undertakings, agreements, representations and warranties made pursuant to this Agreement survive the execution and delivery of this Agreement and continue in full force and effect until the full payment and satisfaction of all obligations of the Borrowers incurred pursuant to the Documents and the termination of this Agreement.

13.2 Failure to Act

No failure, omission or delay on the part of the Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

13.3 Exchange and Confidentiality of Information

(a) The Obligors agree that the Lender may provide any assignee or participant or any *bona fide* prospective assignee or participant pursuant to Section 13.6 with any information concerning the financial condition of the Obligors provided such party agrees in writing with the Lender for the benefit of the Obligors to be bound by a like duty of confidentiality to that contained in this Section.

(b) The Lender acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to them by the Obligors pursuant hereto (the "**Information**") and agrees to use all reasonable efforts to prevent the disclosure thereof; provided that:

(i) the Lender may disclose all or any part of the Information if, in their reasonable opinion, such disclosure is required in connection with any actual or threatened judicial, administrative or governmental proceedings including, without limitation, proceedings initiated under or in respect of this Agreement;

(ii) the Lender shall incur no liability in respect of any Information required to be disclosed by any applicable law or regulation, or by applicable order, policy or directive having the force of law, to the extent of such requirement;

(iii) the Lender may provide Lender's Counsel and their other agents and professional advisors with any Information; provided that such Persons shall be under a like duty of confidentiality to that contained in this Section;

(iv) the Lender may provide its Affiliates (including BMO Financial Group business groups) and subsidiaries for the purpose of assisting the Lender in supporting the Obligors' strategic plans;

(v) the Lender shall incur no liability in respect of any Information: (i) which is or becomes readily available to the public (other than by a breach hereof) or which has been made readily available to the public by the Obligors, (ii) which the Lender can show was, prior to receipt thereof from the Obligors, lawfully in the Lender's possession and not then subject to any obligation on its part to the Obligors to maintain confidentiality, or (iii) which the Lender received from a third party who was not, to the knowledge of the Lender, under a duty of confidentiality to the Obligors at the time the information was so received;

(vi) the Lender may disclose the Information to other financial institutions and other Persons in connection with the assignment by the Lender of the Credit Facility and the Loans (or any portion thereof) or the granting by the Lender of a participation in the Credit Facility and the Loans where such financial institution or other Person agrees to be under a like duty of confidentiality to that contained in this Section; and

(vii) the Lender may disclose all or any part of the Information so as to enable the Lender to initiate any lawsuit against the Obligors or any of them or to defend any lawsuit commenced by the Obligors or any of them the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defense of such lawsuit.

13.4 Notices

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by facsimile transmission or other electronic means of communication addressed to the respective parties as follows:

To the Obligors or any of them:

c/o SLP Holdings Ltd.
2176 Government Street
Penticton, BC Canada V2A 8B5

Attention: Shawn Turkington
Email: **sturkington@structurlam.com**

To the Lender:

Bank of Montreal
595 Burrard Street, 6th Floor
P.O. Box 49500
Vancouver, BC Canada V7X 1L7

Attention: Shane Klein / Sandy Hayer
E-mail: **shane.klein@bmo.com / sandy.hayer@bmo.com**

or to such other address or facsimile number as any party may from time to time notify the others in accordance with this Section. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Local Time) on the first Banking Day following actual delivery or transmittal, as the case may be.

13.5 Governing Law; Jurisdiction

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrowers may be found.

(b) Submission. The Borrowers and the Lender agree that the U.S. Court has jurisdiction to settle any disputes in connection with the Documents and accordingly the Borrowers and the Lender each submits to the non-exclusive jurisdiction of the U.S. Court.

(c) Forum Convenience and Enforcement Abroad. Each Borrower:

(i) waives objection to the U.S. Court on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Document; and

(ii) agrees that a judgment or order of the U.S. Court in connection with a Document is conclusive and binding on it (subject to any rights of appeal in respect thereof) and may be enforced against it in the courts of any other jurisdiction.

(d) Non-exclusivity. Nothing in this Section 13.5 limits the right of the Lender to bring proceedings against the Borrowers in connection with any Document:

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction.

13.6 Benefit of this Agreement; Assignment; Participations

(a) This Agreement shall enure to the benefit of and be binding upon the Obligors, the Lender and their respective successors and permitted assigns.

(b) The Lender may, without consent during the continuance of an Event of Default and at all other times with the prior written consent of the Borrowers, which consent shall not be unreasonably withheld or delayed, sell, assign, transfer or grant an interest in the Credit Facility, the Loans and its rights under this Agreement and the other Documents; provided that (a) any such sale, assignment, transfer or grant of interest shall be in a minimum principal amount of $1,000,000 and (b) the purchaser, assignee, transferee, or grantee of such interest shall thereafter hold a minimum principal amount of $1,000,000 of the Credit Facility. Notwithstanding the preceding sentence, the Lender may, at any time, without the prior written consent of the Borrowers, sell, assign, transfer or grant an interest in the Credit Facility, the Loans and its rights under this Agreement and the other Documents to an Affiliate of the Lender or an Approved Fund. Upon any such sale, assignment, transfer or grant, the Lender shall have no further obligation hereunder with respect to such interest. The Obligors shall not assign their rights or obligations hereunder without the prior written consent of the Lender.

(c) The Lender may, without the consent of the Borrowers, grant one or more participations in the Loans to other Persons; provided that the granting of such a participation: (a) shall be at the Lender's own cost and (b) shall not affect the obligations of the Lender hereunder nor shall it increase the costs to the Borrowers hereunder or under any of the other Documents.

13.7 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.8 Whole Agreement; Amendments and Waivers

(a) This Agreement and the other Documents constitute the whole and entire agreement between the parties hereto regarding the subject matter hereof and thereof and cancel and supersede any prior agreements, undertakings, declarations, commitments, representations, written or oral, in respect thereof.

(b) Any provision of this Agreement may be amended only if the Borrowers and the Lender so agree in writing and may be waived only if the Lender agrees in writing. Any such waiver and any consent by the Lender under any provision of this Agreement must be in writing and may be given subject to any conditions thought fit by Lender. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

13.9 Further Assurances

The Obligors and the Lender shall promptly cure any default by it in the execution and delivery of this Agreement, the other Documents or any of this Agreements provided for hereunder to which it is a party. Each Obligor, at the expense of the Borrowers, shall promptly execute and deliver to the Lender, upon request by the Lender (acting reasonably), all such other and further deeds, agreements, opinions, certificates, instruments, affidavits, registration materials and other documents reasonably necessary for such Obligor's compliance with, or accomplishment of the covenants and agreements of the Obligors

hereunder or more fully to state the obligations of the Obligors as set out herein or to make any registration, recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

13.10 Time of the Essence

Time shall be of the essence of this Agreement.

13.11 Agreement Governs

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the other Documents, the provisions of this Agreement, to the extent of the conflict or inconsistency, shall govern and prevail.

13.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

13.13 Resolving Discrepancies with Court Orders

In the event of any discrepancy between the terms of this Agreement and the terms of any order of the U.S. Court or the Canadian Court, such discrepancy shall be resolved in favour of the order of the U.S. Court.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first written above.

BANK OF MONTREAL

By: _____
Name: Sandy Hayer
Title: Director, SAMU National Accounts

By: _____
Name: Shane Klein
Title: Managing Director

BORROWERS:

STRUCTURLAM MASS TIMBER CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have authority to bind the corporation.

STRUCTURLAM MASS TIMBER U.S., INC.

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have authority to bind the corporation.

GUARANTORS:

SLP HOLDINGS LTD.

By: _____
Name: Shaun Thomas Roe
Title: CFO

By: _____
Name:
Title:
I/We have authority to bind the corporation.

NATURAL OUTCOMES, LLC

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have authority to bind the corporation.

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DocuSign Envelope ID: FC7EF2B3-0124-4296-86A5-7076B2E5D206

GUARANTORS:

SLP HOLDINGS LTD.

By: DocuSigned by: Shawn Turkington
CE7CE21C10E3461...
Name: Shawn Turkington
Title: Interim CFO

By: _____
Name:
Title:
I/We have authority to bind the corporation.

NATURAL OUTCOMES, LLC

By: _____
Name: Nathan Waters
Title: Manager

By: _____
Name:
Title:
I/We have authority to bind the corporation.

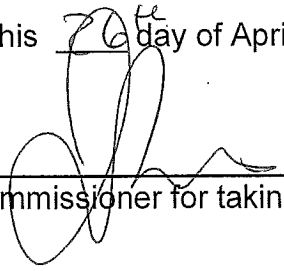
EXHIBIT 2

Initial DIP Budget

Structurlam et al. - Combined
Chapter 11 Cash Flow Forecast[1] - Prepared by Management
For the period ending July 21, 2023
CAS'000

Week ending	Notes	Forecast 28-Apr-23	Forecast 05-May-23	Forecast 12-May-23	Forecast 19-May-23	Forecast 26-May-23	Forecast 02-Jun-23	Forecast 09-Jun-23	Forecast 16-Jun-23	Forecast 23-Jun-23	Forecast 30-Jun-23	Forecast 07-Jul-23	Forecast 14-Jul-23	Forecast 21-Jul-23	Total
Receipts															
Operating receipts	3	$ 929	$ 1,939	$ 234	$ 2,655	$ 1,426	$ 602	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,785
DIP Facility	4	1,500	500	2,000	-	-	3,500	-	-	-	-	-	-	-	7,500
Total Receipts		**2,429**	**2,439**	**2,234**	**2,655**	**1,426**	**4,102**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,285**
Disbursements															
Materials	5	584	317	317	317	117	117	-	-	-	-	-	-	-	1,767
Payroll, benefits and payroll taxes	6	496	444	433	372	151	728	-	-	-	-	-	-	-	2,624
Manufacturing and other overhead	7	357	427	427	397	397	632	-	-	-	-	-	-	-	2,636
Insurance	8	613	-	-	-	-	-	-	-	-	-	-	-	-	613
Rent and Utilities	9	155	-	30	-	-	155	-	-	30	-	-	-	-	370
Sales taxes	10	-	-	-	-	-	-	-	-	125	-	-	-	-	125
Bank interest and fees	11	-	610	-	-	-	610	-	-	-	-	-	-	-	1,220
DIP Facility interest and fees	12	263	12	-	-	-	140	-	-	-	-	-	-	-	414
Sales advisor fees	13	-	-	101	-	-	-	-	-	-	-	-	-	-	101
Professional fees - debtor	14	-	-	1,178	-	-	1,053	-	-	592	-	-	455	-	3,278
Professional fees - other	14	-	-	520	-	-	452	-	-	410	-	-	142	-	1,523
Key employee payments	15	-	-	-	-	-	-	926	-	-	-	-	-	-	926
Contingency		25	25	25	25	25	25	-	-	-	-	-	-	-	150
Total Disbursements		2,492	1,835	3,031	1,110	690	3,911	926	-	1,156	-	-	597	-	15,748
Net Cash Flow		**(63)**	**604**	**(797)**	**1,545**	**736**	**191**	**(926)**	**-**	**(1,156)**	**-**	**-**	**(597)**	**-**	**(463)**
Cash Position															
Opening Cash Position	2	493	430	1,034	237	1,782	2,518	2,709	1,783	1,783	627	627	627	30	493
Closing Cash Position		**$ 430**	**$ 1,034**	**$ 237**	**$ 1,782**	**$ 2,518**	**$ 2,709**	**$ 1,783**	**$ 1,783**	**$ 627**	**$ 627**	**$ 627**	**$ 30**	**$ 30**	**$ 30**
Interim Financing															
Opening		-	1,500	2,000	4,000	4,000	4,000	-	-	-	-	-	-	-	-
Draws		1,500	500	2,000	-	-	3,500	-	-	-	-	-	-	-	7,500
Planned repayment from sale proceeds		-	-	-	-	-	(7,500)	-	-	-	-	-	-	-	(7,500)
Ending Interim Financing		**$ 1,500**	**$ 2,000**	**$ 4,000**	**$ 4,000**	**$ 4,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

This is Exhibit "BBB" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.



A Commissioner for taking Affidavits in British Columbia

SLP Holdings Ltd., Structurlam Mass Timber Corporation, Structurlam Mass Timber U.S., Inc. and Natural Outcomes, LLC (together "Structurlam" or the "Company")
Cash Flow Forecast
Notes and Assumptions

1. The cash flow statement (the "Cash Flow Forecast") has been prepared by management ("Management") of Structurlam to set out the liquidity requirements of the Company during the bankruptcy proceedings under chapter 11 of the United States Bankruptcy Code (the "Chapter 11 Proceedings").

   The Cash Flow Forecast is presented on a weekly basis from April 22 to July 21, 2023 (the "Period") and represents Management's best estimate of the expected results of operations during the Period. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the Chapter 11 Proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

   The Cash Flow Forecast is presented in thousands of Canadian dollars and amounts denominated in US currency have been converted into Canadian dollars at an exchange rate of C$1:US$.741 throughout the period.

2. The opening cash position as presented in the Cash Flow Forecast includes the Company's actual cash availability as of the first day of the Cash Flow Forecast.

3. Operating receipts represents Management's current estimate of the timing for collections of accounts receivables, collections from projects to be invoiced during the Period, and deposits anticipated for future deliveries.

4. The Cash Flow Forecast assumes that the Company will have access to a debtor-in-possession loan ("DIP Facility") of up to $7.5 million from Bank of Montreal ("BMO") upon the Chapter 11 filing.

5. Materials includes lumber, glue supplies, hardware, and steel purchases to meet production during the Period.

6. Payroll, benefits and payroll taxes, includes bi-weekly salaried and hourly employees, group benefits, union dues, workers' compensation premiums and the BC Employer Health Tax.

7. Manufacturing and overhead includes engineering and detail, manufacturing production and outsourcing costs, freight, maintenance, marketing and advertising, IT equipment and software, office and safety supplies, and other operating expenses incurred during the Period.

8. Insurance includes a two-month extension of the current policies, including the property, general liability, professional, manufacturing, and cyber liability policies.

9. Rent and utilities includes rental payments for the leased Canadian head office and manufacturing facilities including Penticton, BC, Okanagan Falls, BC and Oliver, BC, and utilities for all locations during the Period.

10. Sales taxes includes normal course payments in respect of value-add tax and other taxes incurred in Canada and the US.

11. Bank interest and fees represents ongoing BMO interest costs.

12. DIP Facility interest and fees includes the initial financing costs, exit costs and ongoing interest payments in respect of the interim financing.

13. Sales advisor fees represents the estimate of monthly work fees payable to Stifel, Nicolaus & Company, Incorporated and Miller Buckfire & Co., LLC in their capacity as investment banker.

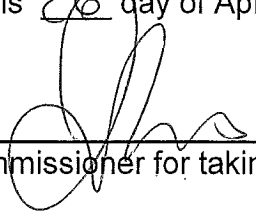
14. Restructuring professional fees have been forecast based on projected costs of professional services firms relating to the Chapter 11 Proceedings and include the Company's legal counsel, the financial advisor, the US Trustee, the claims agent, BMO's financial advisor and legal counsel, and the Information Officer to be appointed pursuant to Part IV of the *Companies' Creditors Arrangement Act* proceedings and its legal counsel.

15. Key employee payments represent payments to employees for select retention and incentive programs.

Structurlam et al. - Combined
Chapter 11 Cash Flow Forecast[1] - Prepared by Management
For the period ending July 21, 2023
CA$'000

Week ending	Notes	Forecast 28-Apr-23	Forecast 05-May-23	Forecast 12-May-23	Forecast 19-May-23	Forecast 26-May-23	Forecast 02-Jun-23	Forecast 09-Jun-23	Forecast 16-Jun-23	Forecast 23-Jun-23	Forecast 30-Jun-23	Forecast 07-Jul-23	Forecast 14-Jul-23	Forecast 21-Jul-23	Total
Receipts															
Operating receipts	3	$ 929	$ 1,939	$ 234	$ 2,655	$ 1,426	$ 602	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,785
DIP Facility	4	1,500	500	2,000	-	-	3,500	-	-	-	-	-	-	-	7,500
Total Receipts		**2,429**	**2,439**	**2,234**	**2,655**	**1,426**	**4,102**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,285**
Disbursements															
Materials	5	584	317	317	317	117	117	-	-	-	-	-	-	-	1,767
Payroll, benefits and payroll taxes	6	496	444	433	372	151	728	-	-	-	-	-	-	-	2,624
Manufacturing and other overhead	7	357	427	427	397	397	632	-	-	-	-	-	-	-	2,636
Insurance	8	613	-	-	-	-	-	-	-	-	-	-	-	-	613
Rent and Utilities	9	155	-	30	-	-	155	-	-	30	-	-	-	-	370
Sales taxes	10	-	-	-	-	-	-	-	-	125	-	-	-	-	125
Bank interest and fees	11	-	610	-	-	-	610	-	-	-	-	-	-	-	1,220
DIP Facility interest and fees	12	263	12	-	-	-	140	-	-	-	-	-	-	-	414
Sales advisor fees	13	-	-	101	-	-	-	-	-	-	-	-	-	-	101
Professional fees - debtor	14	-	-	1,178	-	-	1,053	-	-	592	-	-	455	-	3,278
Professional fees - other	14	-	-	520	-	-	452	-	-	410	-	-	142	-	1,523
Key employee payments	15	-	-	-	-	-	-	926	-	-	-	-	-	-	926
Contingency		25	25	25	25	25	25	-	-	-	-	-	-	-	150
Total Disbursements		2,492	1,835	3,031	1,110	690	3,911	926	-	1,156	-	-	597	-	15,748
Net Cash Flow		**(63)**	**604**	**(797)**	**1,545**	**736**	**191**	**(926)**	**-**	**(1,156)**	**-**	**-**	**(597)**	**-**	**(463)**
Cash Position															
Opening Cash Position	2	493	430	1,034	237	1,782	2,518	2,709	1,783	1,783	627	627	627	30	493
Closing Cash Position		**$ 430**	**$ 1,034**	**$ 237**	**$ 1,782**	**$ 2,518**	**$ 2,709**	**$ 1,783**	**$ 1,783**	**$ 627**	**$ 627**	**$ 627**	**$ 30**	**$ 30**	**$ 30**
Interim Financing															
Opening		-	1,500	2,000	4,000	4,000	4,000	-	-	-	-	-	-	-	-
Draws		1,500	500	2,000	-	-	3,500	-	-	-	-	-	-	-	7,500
Planned repayment from sale proceeds		-	-	-	-	-	(7,500)	-	-	-	-	-	-	-	(7,500)
Ending Interim Financing		**$ 1,500**	**$ 2,000**	**$ 4,000**	**$ 4,000**	**$ 4,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

This is Exhibit "CCC" referred to in the Affidavit of **SHAWN TURKINGTON,** sworn before me at Vancouver, BC, this 26th day of April, 2023.



A Commissioner for taking Affidavits in British Columbia

Execution Version

SENIOR SECURED SUPERPRIORITY DIP FINANCING CREDIT AGREEMENT

BETWEEN:

STRUCTURLAM MASS TIMBER CORPORATION
- and -
STRUCTURLAM MASS TIMBER U.S., INC., as Borrowers

-and-

BANK OF MONTREAL, as Lender

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THIS SENIOR SECURED SUPERPRIORITY DIP FINANCING CREDIT AGREEMENT is dated as of April ___, 2023

BETWEEN:

STRUCTURLAM MASS TIMBER CORPORATION, a corporation governed by the laws of the Province of British Columbia, having an office in Penticton, British Columbia, as Cdn. Borrower

AND

STRUCTURLAM MASS TIMBER U.S., INC., a corporation governed by the laws of the State of Delaware, having an office in Penticton, British Columbia, as U.S. Borrower

AND

BANK OF MONTREAL, as Lender

WHEREAS the Borrowers have requested that the Lender provide financing to fund certain of the Obligors' obligations during the pendency of the CCAA Proceedings and the U.S. Proceedings, in accordance with the terms and conditions set out herein; and

AND WHEREAS the Lender has agreed to establish a debtor-in-possession credit facility in order to fund certain obligations of the Obligors in the context of the Obligors' CCAA Proceedings and U.S. Proceedings on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

"**Acceleration Event**" has the meaning set out in Section 10.2 of this Agreement

"**Acceleration Notice**" has the meaning set out in Section 10.2 of this Agreement

"**Additional Compensation**" has the meaning set out in Section 11.1(a) of this Agreement.

"**Administration Charge**" means an administration charge in an aggregate amount not to exceed Cdn. $150,000 granted by the Canadian Court pursuant to the Initial Order over all present and future assets and property of the Obligors, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of an Obligor.

"**Advance**" means an advance of funds made by the Lender to a Borrower under this Agreement.

"**Affiliate**" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person; and, for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" or "under common control with") means the power to direct or cause

the direction of the management and policies of any Person, whether through the ownership of shares or other economic interests, the holding of voting rights or contractual rights or otherwise.

"**Agreed Budget**" means the weekly line item budget covering the period of at least 13 calendar weeks following the Effective Date annexed hereto as Schedule C, together with all amendments thereto approved by the Lender in writing in its sole and absolute discretion (for certainty, each Updated Budget contemplated to be delivered by the Borrowers hereby shall not constitute an amendment of the Agreed Budget unless approved by the Lender in writing in its sole and absolute discretion). The Agreed Budget shall be prepared on a cash-flow basis and shall include the payment of accrued professional fees to an escrow agent pursuant to procedures set forth more fully in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, such professional fees shall be held by the agreed escrow agent until such time as they may be distributed to the relevant professionals in accordance with the orders of the U.S. Court. As used in this Agreement, and notwithstanding anything contained herein to the contrary, any requirements set forth herein for the Obligors to comply (including in respect of expenditures or use of proceeds) with the Agreed Budget shall be deemed to mean compliance with Agreed Budget subject to any permitted variance contemplated by this Agreement.

"**Agreement**" means this senior secured superpriority DIP financing credit agreement and all Schedules annexed hereto, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Alternative Restructuring Option**" means any transaction involving the refinancing or recapitalization of an Obligor or any other restructuring of the Obligors' businesses and operations to be implemented pursuant to a Plan.

"**Anti-Money Laundering Laws and Regulations**" means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the USA PATRIOT Act, the U.S. Money Laundering Control Act of 1986, the U.S. Currency and Foreign Transactions Reporting Act of 1970 (the U.S. Bank Secrecy Act), and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know-your-client" laws applicable in Canada or the United States and corresponding laws of jurisdictions in which any Obligor operates or in which the proceeds of the Loans will be used or from which repayments of the Secured Obligations will be derived.

"**APA**" means documentation evidencing a sale of all or substantially all of the assets of the Obligors pursuant to Section 363 of the U.S. Bankruptcy Code or otherwise.

"**APA Closing**" means the closing of the APA.

"**Applicable Laws**" or "**applicable law**" means, in relation to any Person, transaction or event, (a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority and (b) all Governmental Authorizations to which the Person is a party or by which it or its property is bound or having application to the transaction or event.

"**Applicable Pricing Margin**" means, (a) in respect of any Loan, 14% per annum, and (b) any standby fees payable under Section 5.5, 2.8% per annum, provided that (i) the above rates per annum are expressed on the basis of a year of 365 days; (ii) the standby fee will accrue on the daily undrawn portion of the Credit Facility and will be payable in arrears in accordance with Section 5.5; and (iii) upon the occurrence and during the continuance of any Default or Event of Default, the Applicable Pricing Margin specified in clause (a) of this definition will increase by 3% per annum.

"**Approved Fund**" means any Fund that is administered or managed by (a) the Lender, (b) an Affiliate of the Lender or (c) a Person or an Affiliate of a Person that administers or manages the Lender.

"**Approved Sale**" means the sale of all or substantially all of the assets of the Obligors pursuant to one or more sales approved by the Canadian Court and the U.S. Court and consented to by the Lender; provided, that no such consent of the Lender shall be required to the extent that the proceeds of an Approved Sale result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement upon the closing of such Approved Sale.

"**Approved Securities**" means obligations maturing within one year from their date of purchase or other acquisition by the Borrowers (or either of them) and which are (a) issued by the Government of Canada, by the government of any Province of Canada or, in each case, an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the Government of Canada or the government of such Province or (b) term deposits, guaranteed investment certificates, certificates of deposit or bearer deposit notes, in each case, of any Canadian chartered bank or other Canadian financial institution which has a long term debt rating of at least A+ by S&P, A1 by Moody's, or A (high) by DBRS.

"**Attributable Debt**" means, in respect of any lease (whether characterized as an operating lease under GAAP or not) entered into by a Person as lessee, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) but excluding for certainty, (a) amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labour costs and similar charges and (b) amounts payable by the lessee in connection with the exercise of any end-of-term purchase option, early buyout option or any similar amounts payable at the election of the lessee.

"**Banking Day**" means, (a) in respect of any U.S. $ Loan, a day on which banks are open for business in Vancouver, British Columbia, Toronto, Ontario and New York, New York, and (b) for all other purposes, a day on which banks are open for business in Vancouver, British Columbia and Toronto, Ontario, but does not in any event include a Saturday or a Sunday.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy".

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada).

"**Borrowers**" means, collectively, the Cdn. Borrower and the U.S. Borrower, and "**Borrower**" means either of them.

"**Canadian Court**" means the Supreme Court of British Columbia.

"**Canadian Dollars**" and "**Cdn. $**" mean the lawful money of Canada.

"**Capital Expenditures**" means, for any period, all amounts that would be included as additions to property, plant and equipment and other capital expenditures on a combined consolidated statement of cash flows of the Borrowers, or on an unconsolidated statement of cash flows of the relevant Borrower, as applicable, during such period in accordance with GAAP (excluding capitalized interest but including the amount of assets leased under any Capital Lease).

"**Capital Lease**" means any leasing or similar arrangement which, in accordance with GAAP in effect prior to the adoption of IFRS 16, is classified as a capital lease or finance lease.

"**Carve-Out**" means the "Carve-Out" as described and defined in the Interim U.S. DIP Order and Final U.S DIP Order, as applicable.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**CCAA Proceedings**" means the proceedings to be commenced in Canada by the Obligors before the Canadian Court pursuant to the CCAA.

"**Cdn. Borrower**" means Structurlam Mass Timber Corporation.

"**Cdn. $ Loan**" means an Advance in Canadian Dollars made by the Lender to a Borrower.

"**CFTC**" means the U.S. Commodity Futures Trading Commission.

"**Code**" means the *United States Internal Revenue Code of 1986*, as amended from time to time.

"**Collateral**" has the meaning set forth in the definition of "Lender Charge" in this Agreement.

"**Credit Facility**" means the debtor-in-possession credit facility, including availability under the MasterCard Facilities (as defined in the Pre-Filing Secured Credit Agreement) up to the amounts of Cdn. $25,000 and U.S. $20,000, respectively, in the maximum principal amount of (1) Cdn. $4,000,000 to be made available by the Lender to the Borrowers under this Agreement and the Interim U.S. DIP Order and (2) Cdn. $3,500,000 to be made available by the Lender to the Borrowers under this Agreement and the Final U.S. DIP Order and, in each case, subject to the terms hereof.

"**Credit Facility Indebtedness**" means all Debt, liabilities and obligations of the Borrowers to the Lender with respect to the Credit Facility arising under this Agreement and any other Documents, including without limitation, all Loans and all interest, fees, costs, expenses and other amounts of any nature or kind payable by the Borrowers (or either of them).

"**DBRS**" means Dominion Bond Rating Service Limited and any successors thereto.

"**Debt**" means, with respect to any Person ("X"), all obligations, liabilities and indebtedness of X which would, in accordance with GAAP, be classified upon a consolidated balance sheet of X as liabilities of X and its Subsidiaries (or be classified upon an unconsolidated balance sheet of X as liabilities of X, if Debt is to be determined on an unconsolidated basis for X) and, whether or not so classified, shall include (without duplication):

(a) indebtedness of X and its Subsidiaries (or of X on an unconsolidated basis) for borrowed money;

(b) obligations of X and its Subsidiaries (or of X on an unconsolidated basis) arising pursuant or in relation to: (i) bankers' acceptances (including payment and reimbursement obligations in respect thereof), or (ii) letters of credit and letters of guarantee supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;

(c) obligations of X and its Subsidiaries (or of X on an unconsolidated basis) with respect to drawings under all other letters of credit and letters of guarantee;

(d) obligations of X and its Subsidiaries (or of X on an unconsolidated basis) under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to

the indebtedness or other obligations of any other Person which would otherwise constitute Debt within the meaning of this definition and all Financial Assistance including endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);

(e) (i) all indebtedness of X and its Subsidiaries (or of X on an unconsolidated basis) representing the deferred purchase price of any property to the extent that such indebtedness is or remains unpaid after the expiry of the customary time period for payment, provided however that such time period shall in no event exceed 90 days, and (ii) all obligations of X and its Subsidiaries (or of X on an unconsolidated basis) created or arising under any: (A) conditional sales agreement or other title retention agreement or (B) Capital Lease;

(f) all Attributable Debt of X and its Subsidiaries (or of X on an unconsolidated basis) other than in respect of (i) leases of office space or (ii) operating leases, in each case entered into in the ordinary course of business (and, for certainty, no Sale-Leaseback shall be considered to be entered into in the ordinary course of business);

(g) all other long-term obligations (including the current portion thereof) upon which interest charges are customarily paid prior to default by X and its Subsidiaries (or by X if on an unconsolidated basis); and

(h) all indebtedness of other Persons secured by a Security Interest on any asset of X and its Subsidiaries (or of X if on an unconsolidated basis), whether or not such indebtedness is assumed thereby; provided that the amount of such indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination, and (ii) the amount of such indebtedness shall only be Debt to the extent recorded as a liability in accordance with GAAP,

but shall exclude each of the following, determined (as required) in accordance with GAAP:

(i) accounts payable to trade creditors and accrued liabilities incurred in the ordinary course of business;

(ii) current taxes payable and future taxes; and

(iii) accrued interest not yet due and payable.

"**Default**" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"**Designated Persons**" means a person or entity (a) listed in the annex to, or otherwise subject to the provisions of, any Executive Order; (b) named as a "Specially Designated National and Blocked Person" ("**SDN**") on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list (the "**SDN List**") or is otherwise the subject of any Sanctions Laws and Regulations; (c) in which an entity or person on the SDN List has 50% or greater ownership interest or that is otherwise controlled by an SDN.

"**Distribution**" means:

(a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any Equity Interests in the capital of a Borrower or any other Obligor that is not wholly owned by a Borrower (including any return of capital);

(b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any limited partnership units or other Equity Interests in the capital of a Borrower or any other Obligor that is not wholly-owned by a Borrower or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares or other Equity Interests in the capital thereof, including, without limitation, options, warrants, conversion or exchange privileges and similar rights;

(c) the making of any loan or advance or any other provision of credit or Financial Assistance by any Obligor to any Related Party, other than to another Obligor;

(d) the payment of any principal, interest, fees or other amounts, or the redemption, exchange, purchase, retirement, defeasance, sinking fund or similar payment any loans, on or in respect of (i) subordinated debt or (ii) advances or other Debt, owing at any time by any Obligor to any Related Party, other than to another Obligor; or

(e) (i) the payment of any amount, (ii) the sale, transfer, lease or other disposition of any property or assets, or (iii) any granting or creation of any rights or interests, at any time, by any Obligor to or in favour of any Related Party, other than to another Obligor, and whether any of the foregoing is made, paid or satisfied in or for cash, property or any combination thereof.

"**Documents**" means this Agreement, the Security, and all certificates, notices, instruments and other documents delivered or to be delivered to the Lender in connection herewith or therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing.

"**Drawdown**" means an Advance of a Cdn. $ Loan or U.S. $ Loan.

"**Drawdown Date**" means the date on which a Drawdown is made by a Borrower pursuant to the provisions of this Agreement and which shall be a Banking Day.

"**Drawdown Notice**" means a notice substantially in the form annexed to this Agreement as Schedule A to be given to the Lender by a Borrower pursuant to this Agreement.

"**Effective Date**" has the meaning set forth in Section 3.1.

"**Environmental Claims**" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of noncompliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including, without limitation:

(a) any claim by a Governmental Authority for enforcement, clean up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and

(b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials,

including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.

"**Environmental Laws**" means all Applicable Laws with respect to the environment or environmental or public health and safety matters contained in statutes, regulations, rules, ordinances, orders, judgments, approvals, notices, permits or policies, guidelines or directives having the force of law.

"**Equity Interests**" means, with respect to any Person, (a) shares of capital stock of (or other ownership or profit interests in) such Person, (b) warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, (c) securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and (d) other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), in each case, whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"**Equivalent Amount**" means, on any day, the equivalent amount in Canadian Dollars or United States Dollars, as the case may be, after giving effect to a conversion of a specified amount of United States Dollars to Canadian Dollars or of Canadian Dollars to United States Dollars, as the case may be, at the rate of exchange for Canadian interbank transactions established by the Bank of Canada for the Banking Day immediately prior to the day in question, or, if such rate is for any reason unavailable, at the spot rate quoted for wholesale transactions involving the applicable currency by the Lender at approximately noon (Toronto time) on that day in accordance with its normal practice.

"**ERISA**" means the Employee Retirement Income Security Act of 1974 of the United States of America, as amended from time to time, and any successor statute.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that, together with any Obligor, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code; provided that, for certainty, an ERISA Affiliate shall only include those entities owned by Holdco, directly or indirectly.

"**ERISA Event**" means:

(a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder as in effect on the Effective Date with respect to a Pension Plan (other than an event for which the 30-day notice period is waived under such regulations);

(b) the failure to meet the minimum funding standards of Section 412 or 430 of the Code;

(c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan;

(d) the incurrence by Holdco or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Pension Plan;

(e) the receipt by Holdco or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or Pension Plans or to appoint a trustee to administer any Pension Plan;

(f) the incurrence by Holdco or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan;

(g) the incurrence by Holdco or any of its ERISA Affiliates of any liability under Section 4062(e) of ERISA;

(h) the receipt by Holdco or any ERISA Affiliate of any notice assessing Withdrawal Liability in connection with a complete or partial withdrawal from any Multiemployer Plan, or a determination that a Multiemployer Plan is, or is expected in the current Plan Year or the immediately succeeding Plan Year to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or

(i) the conditions exist for an imposition of a lien under Section 303(k) of ERISA.

"**Event of Default**" has the meaning set out in Section 10.1.

"**Executive Order**" has the meaning assigned to such term in the definition of Sanctions Laws and Regulations.

"**Exit Fee**" has the meaning set forth in Section 5.6.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"**Final U.S. DIP Order**" means a final order of the U.S. Court presiding over U.S. Proceedings (i) approving liens in favor of the Lender on assets of the Obligors and super-priority claims against the Obligors and (ii) granting adequate protection to Pre-Filing Secured Creditor under the Pre-Filing Secured Credit Agreement, which order shall be satisfactory to the Lender and substantially consistent in form and substance (except with regard to finality) with the Interim U.S. DIP Order.

"**Financial Assistance**" means, with respect to any Person and without duplication, any loan, guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, investment or other form of direct or indirect financial assistance or support of any other Person or any obligation (contingent or otherwise) primarily for the purpose of enabling another Person to incur or pay any Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other Person against loss in respect of Debt of the other Person and includes any guarantee of or indemnity in respect of the Debt of the other Person and any absolute or contingent obligation to (directly or indirectly):

(a) advance or supply funds for the payment or purchase of any Debt of any other Person;

(b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any Person to make payment of Debt or to assure the holder thereof against loss;

(c) guarantee, indemnify, hold harmless or otherwise become liable any creditor of any other Person from or against any losses, liabilities or damages in respect of Debt;

(d) make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof to that Person; or

(e) make an advance, loan or other extension of credit to or to make any subscription for equity, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another Person.

The amount of any Financial Assistance is the amount of any loan or direct or indirect financial assistance or support, without duplication, given, or all Debt of the obligor to which the Financial Assistance relates, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

"**Financial Instrument**" means any instrument or agreement which effects a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions).

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**GAAP**" means generally accepted accounting principles in Canada, which shall be deemed to be reference to the recommendations at the relevant time of the Chartered Professional Accountants of Canada (or any successor institute thereto) applicable on a consolidated basis (unless otherwise specifically provided or contemplated in this Agreement) as at the date on which any determination or calculation is made or required to be made in accordance with such principles, which, for purposes of this Agreement is determined to be Canadian accounting standards for private enterprises (ASPE), applied on a consistent basis.

"**Governmental Authority**" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal, accreditation entity or authority thereof or other political subdivision thereof and any entity or Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"**Governmental Authorization**" means an authorization, accreditation, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

"**Guarantee**" means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any Person; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation; and the term "**Guaranteed**" shall be construed accordingly.

"**Guarantors**" means, (a) with respect to all Secured Obligations of the Borrowers, (i) Holdco and (ii) all present and future Subsidiaries of the Borrowers (or of either of them), (b) with respect to all Secured Obligations of the Cdn. Borrower, the U.S. Borrower, and (c) with respect to all Secured Obligations of the U.S. Borrower, the Cdn. Borrower, and "**Guarantor**" means any one of them.

"**Hazardous Materials**" means any substance or mixture of substances which, if released into the environment, would likely cause, immediately or at some future time, harm or degradation to the environment or to human health or safety and includes any substance defined as or determined to be a pollutant, contaminant, waste, hazardous waste, hazardous chemical, hazardous substance, toxic substance or dangerous good under any Environmental Law.

"**Holdco**" means SLP Holdings Ltd., the corporation which legally and beneficially owns 100% of the Equity Interests of the Cdn. Borrower, and which legally and beneficially owns 100% of the Equity Interests of the U.S. Borrower.

"**Indemnified Parties**" means the Lender, including a receiver, receiver manager or similar Person appointed under applicable law, and their respective shareholders, Affiliates, officers, directors, employees and agents, and "**Indemnified Party**" means any one of the foregoing.

"**Indemnified Third Party**" has the meaning set out in Section 12.3 of this Agreement.

"**Information**" has the meaning set out in Section 13.3(b) of this Agreement.

"**Information Officer**" means Alvarez & Marsal Canada Inc., in its capacity as court appointed information officer of the Obligors.

"**Initial Order**" means an initial recognition order and supplemental order of the Canadian Court substantially in the form annexed hereto as Schedule D and otherwise in form and substance satisfactory to the Lender that, among other things, (i) recognizes the Foreign Representative as a "foreign representative" of the Obligors pursuant to the provisions of the CCAA, (ii) recognizes the U.S. Proceedings as foreign main or foreign nonmain proceedings in respect of each of the Obligors pursuant to the provisions of the CCAA, (iii) recognizes and gives effect to certain orders granted in the U.S. Proceedings, including, among other things, the Interim U.S. DIP Order and the Cash Management Order, (iv) grants the Lender Charge (subject only to Permitted Priority Liens and the Carve-Out), and (v) appoints the Information Officer, as information officer (as such order or orders may be amended, modified, varied or restated with the consent of the Lender).

"**Intellectual Property**" means, collectively, patents, patents pending, copyrights, proprietary processes or programs, industrial designs, trademarks, trademark applications, trade names and other intellectual property of every nature and kind.

"**Interest Payment Date**" means, with respect to each Loan, the last Banking Day of each calendar month; provided that, the Maturity Date or, if applicable, any earlier date on which the Credit Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Loans then outstanding under the Credit Facility.

"**Interest Period**" means, with respect to each Loan, the period commencing on the applicable Drawdown Date and terminating on the date selected by the relevant Borrower under this Agreement for the repayment of such Loan, provided that the last day of all Interest Periods for Loans outstanding under the Credit Facility shall expire on or prior to the Maturity Date.

"**Interim U.S. DIP Order**" means an interim order of the U.S. Court presiding over U.S. Proceedings authorizing the Obligors to enter into this agreement and, *inter alia*, (i) approving liens in favor of the Lender on assets of the Obligors and super-priority claims against the Obligors and (ii) granting adequate protection to Pre-Filing Secured Creditor under the Pre-Filing Secured Credit Agreement, which order shall be satisfactory to the Lender and substantially in the form annexed hereto as Schedule F.

"**Interpretive Guidance**" means the *Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations*, 78 Fed. Reg. 45292 (July 26, 2013), as amended or supplemented by the CFTC from time to time.

"**Investment**" means (a) any purchase or other acquisition of shares or other securities of any Person, (b) any form of Financial Assistance to or for the benefit of any Person, (c) any capital contribution to any other Person and (d) any purchase or other acquisition of any assets, property or undertaking (including Capital Expenditures) other than an acquisition in the ordinary course of business of the purchaser.

"**Judgment Conversion Date**" has the meaning set out in Section 12.4(a)(ii) of this Agreement.

"**Judgment Currency**" has the meaning set out in Section 12.4(a) of this Agreement.

"**KEIP**" means any key employee incentive plan acceptable to the Lender and approved by the U.S. Court in the U.S. Proceedings.

"**KERP**" means any key employee retention plan acceptable to the Lender and approved by the U.S. Court in the U.S. Proceedings.

"**Lender**" means Bank of Montreal.

"Lender Charge" means, collectively, the super-priority administrative claim, authorized by the U.S. Court pursuant to the Interim U.S. DIP Order or the Final U.S. DIP Order, as applicable, in accordance with § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Obligors (other than the Carve-Out), the liens authorized by the U.S. Court pursuant to the Interim U.S. DIP Order or the Final U.S. DIP Order, as applicable, in accordance with § 364(d) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Obligors (other than the Permitted Priority Liens and the Carve-Out) and the charge granted by the Canadian Court pursuant to the Initial Order over all present and future assets and property of the Obligors, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of an Obligor in favour of the Lender (collectively, the "Collateral").

"**Lender's Account for Payments**" means:

(a) for amounts payable in Canadian Dollars:

Bank of Montreal
595 Burrard Street
Vancouver, British Columbia V7X 1L7

Transit No. and Bank Code: 00149 001
Beneficiary Account No.: 1999-815

(b) for amounts payable in United States Dollars:

Bank of Montreal
595 Burrard Street
Vancouver, British Columbia V7X 1L7

Transit No. and Bank Code: 00109 001
Beneficiary Account No.: 4604-350

"**Lender's Branch**" means the Lender's branch located at 595 Burrard Street, Vancouver, B.C. V7X 1L7 or such other branch in Canada as the Lender may from time to time designate.

"**Lender's Counsel**" means the firms of Blake, Cassels & Graydon LLP, Chapman and Cutler LLP and Womble Bond Dickinson (US) LLP or such other firms of legal counsel as the Lender may from time to time designate.

"**Lender's Counsel's Financial Advisor**" means FTI Consulting Canada Limited, in its capacity as financial advisor to the Lender's Counsel.

"**Loan**" means a Cdn. $ Loan or U.S. $ Loan under this Agreement.

"**Material Adverse Change**" means a material adverse change in:

(a) the business, financial condition, operations, assets, management or properties of the Obligors on a consolidated basis, taken as a whole;

(b) the validity or enforceability of this Agreement or any other Document or the validity or enforceability of any of the Lender Charge or the ranking of any of the Security Interests granted thereby or the material rights or remedies intended or purported to be granted to the Lender under or pursuant to such Lender Charge; or

(c) the ability of any Obligor to perform any material obligation under this Agreement, any other Document or any Restructuring Court Order, or the ability of any Obligor to carry out an Approved Sale or Alternative Restructuring Option,

but does not include any of the Obligors filing for relief under the CCAA or under Chapter 11 or Chapter 15 of the Bankruptcy Code or any facts or circumstances disclosed by the Obligors in the pleadings supporting any such filing.

"**Material Adverse Effect**" means a material adverse effect upon:

(a) the business, financial condition, operations, assets, management or properties of the Obligors on a consolidated basis, taken as a whole;

(b) the validity or enforceability of this Agreement or any other Document or the validity or enforceability of any of the Lender Charge or the ranking of any of the Security Interests granted thereby or the material rights or remedies intended or purported to be granted to the Lender under or pursuant to such Lender Charge; or

(c) the ability of any Obligor to perform any material obligation under this Agreement, any other Document or any Restructuring Court Order, or the ability of any Obligor to carry out a an Approved Sale or Alternative Restructuring Option.

but does not include the effect of any of the Obligors filing for relief under the CCAA or under Chapter 11 or Chapter 15 of the Bankruptcy Code or the effect of any facts or circumstances disclosed by the Obligors in the pleadings supporting any such filing.

"**Maturity Date**" means, the earlier to occur of: (a) June 30, 2023; (b) the effective date of a Plan; (c) the APA Closing; and (d) the date of delivery of an Acceleration Notice or the occurrence of an Acceleration Event.

"**Milestones**" means, unless otherwise agreed to by the Lender, each of the following events:

(a) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Interim U.S. DIP Order on or prior to one (1) Banking Day after the Petition Date, and in any case on or prior to two (2) Banking Days after the Petition Date, the U.S. Court shall have entered the Interim U.S. DIP Order;

(b) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue the Initial Order on or prior to two (2) Banking Days after the date the U.S. Court enters the Interim U.S. DIP Order, and in any case on or prior to three (3) Banking Days after the date the U.S. Court enters the Interim U.S. DIP Order, the Canadian Court shall have issued the Initial Order;

(c) on or prior to one (1) Banking Day after the Petition Date, the Obligors shall have filed with the U.S. Court a motion seeking entry of the Sale Procedures Order and the Sale Order;

(d) on or prior to April 28, 2023, the Obligors shall have filed with the Canadian Court a motion seeking an order recognizing the Sale Procedures Order and Sale Order.

(e) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Sale Procedures Order by April 28, 2023, and in any case on or prior to the first Banking Day that is ten (10) calendar days after the Petition Date, the U.S. Court shall have entered the Sale Procedures Order;

(f) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue an order recognizing the Sale Procedures Order by May 8, 2023, and in any case on or prior to May 12, 2023, the Canadian Court shall have issued an order recognizing the Sale Procedures Order;

(g) subject only to availability of the U.S. Court, on or prior to twenty-one (21) days after the date the U.S. Court enters the Interim U.S. DIP Order, the U.S. Court shall have entered the Final U.S. DIP Order (if the U.S. Court does not have the requisite availability, this Milestone is to be discharged on the U.S. Court's next available date);

(h) reasonable best efforts shall be made by the Borrowers to have the U.S. Court enter the Sale Order on or prior to May 24, 2023 and in any case on or prior to the first Banking Day that is 35 calendar days after the Petition Date the U.S. Court shall have entered the Sale Order;

(i) reasonable best efforts shall be made by the Borrowers to have the Canadian Court issue an order recognizing the Sale Order on or prior to May 29, 2023 and in any case prior to May 31, 2023, the Canadian Court shall have issued an order recognizing the Sale Order; and

(j) by the later of June 1, 2023, and the date that is 45 calendar days after the Petition Date, the final APA Closing shall have occurred and the Credit Facility Indebtedness shall have been paid in full in cash.

"**Month End**" means the last day of each of calendar month.

"**Moody's**" means Moody's Investors Service, Inc. and any successors thereto.

"**Multiemployer Plan**" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"**Negative Cash Flow Variance**" means, at any time, the cumulative negative variance in the Obligors' actual cash receipts and cash expenditures and outflows, in respect of any line item (other than in respect of (i) foreign exchange fluctuations and (ii) fees and expenses of professionals engaged by the Lender) to the Agreed Budget of 15% or greater. For greater certainty, the payment of professional fees into escrow on a monthly basis pursuant to procedures set forth more fully in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, shall be included in any variance calculation as if those payments were made to the professionals directly.

"**Obligor Guarantee**" means, collectively, the unlimited guarantee and indemnity (including any addition agreements executed in connection therewith) governed by the laws of the Province of British Columbia, in form satisfactory to the Lender, executed by each Obligor in favour of the Lender in respect of the Secured Obligations of each other Obligor, and each other guarantee executed by an Obligor governed by the laws of any other jurisdiction, if requested by the Lender, acting reasonably.

"**Obligors**" means, collectively, the Borrowers and Guarantors, and "**Obligor**" means any one of them.

"**OFAC**" has the meaning set out in the definition of Sanctions Laws and Regulations.

"**Officer's Certificate**" means a certificate or notice signed by any one of the chief executive officer or chief financial officer of a Borrower or of the applicable Obligor; provided that Drawdown Notices and Repayment Notices shall be executed on behalf of the relevant Borrower by any one of the foregoing persons or such other persons as may from time to time be designated by written notice from the Borrowers to the Lender.

"**Outside Date**" means April 27, 2023.

"**Outstanding Principal**" means, at any time, the aggregate of (i) the principal amount of all outstanding Cdn. $ Loans, and (ii) the Equivalent Amount in Canadian Dollars of the principal amount of all outstanding U.S. $ Loans, in each case, advanced or issued and outstanding under the Credit Facility.

"**Payment Protocol**" has the meaning given to such term in Section 2.10.

"**PBGC**" means Pension Benefit Guaranty Corporation or any Governmental Authority succeeding to any of its principal functions under ERISA.

"**Pension Plan**" means any employee pension benefit plan (other than a Multiemployer Plan) sponsored or contributed to by Holdco or any ERISA Affiliate which is subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Holdco or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA during the time period set out therein) would have liability for contributions under Section 412(c)(11) of the Code or as a "contributing sponsor" as defined in Section 4001(a)(13) of ERISA.

"**Permitted Contest**" means action taken by or on behalf the Obligors in good faith by appropriate proceedings diligently pursued to contest a Tax, claim or Security Interest, provided that:

(a) the Borrowers, on a combined consolidated basis, have established reasonable reserves therefor if and to the extent required by GAAP;

(b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and

(c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the property, assets and undertaking of any Obligor.

"**Permitted Debt**" means the following:

(a) the Secured Obligations;

(b) Debt owing to the Lender;

(c) all Debt of the Obligors which has been issued, created, incurred, assumed or existed on or prior to the Effective Date and to the extent such Debt was Permitted Debt (under and as defined in the Pre-Filing Secured Credit Agreement);

(d) Debt owing by an Obligor to any other Obligor in accordance with the Agreed Budget;

(e) Indebtedness incurred in the ordinary course of business by an Obligor after the Effective Date with respect to trade payables;

(f) all Debt secured by a Permitted Encumbrance; and

(g) such other Debt of an Obligor which the Lender has consented to in writing.

"**Permitted Dispositions**" means, in respect of an Obligor, any sale, exchange, lease, transfer or other disposition of inventory in the ordinary course of business.

"**Permitted Encumbrances**" means, as at any particular time, any of the following encumbrances on the property or any part of the property of an Obligor:

(a) the Lender Charge;

(b) the other Permitted Priority Liens;

(c) valid and perfected Security Interests existing prior to the Effective Date and to the extent such Security Interests were Permitted Encumbrances (under and as defined in the Pre-Filing Secured Credit Agreement);

(d) inchoate statutory Security Interests arising after the Effective Date in respect of any accounts payable arising after the Outside Date in the ordinary course of business, provided that all such amounts are paid by the applicable Obligor as and when due;

(e) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(f) deemed liens and trusts arising by operation of law in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(g) undetermined or inchoate liens and charges incidental to operations arising in the ordinary course of business which have not at such time been filed pursuant to law against any Obligor or which relate to obligations not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(h) easements, rights of way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of the Obligors;

(i) security given by any Obligor to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Obligor, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of the Obligor;

(j) pledges or deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property, in each case, to which an Obligor is a party;

(k) Security Interests resulting from the deposit of cash or Approved Securities as security when any Obligor is required to do so by a Governmental Authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same, or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law;

(l) minor defects of title which, individually and in the aggregate, do not materially affect the right of ownership of the Obligors in and to the property affected thereby or the right of any Obligor to utilize such property to conduct its business;

provided that nothing in this definition shall in and of itself cause the Secured Obligations under this Agreement or the other obligations secured by the Security to be subordinated in priority of payment to any such Permitted Encumbrance or cause any Security Interests in favour of the Lender to rank subordinate to any such Permitted Encumbrance.

"**Permitted Financial Assistance**" means any Financial Assistance provided by the Obligors on or prior to date hereof and which was Permitted Financial Assistance (under and as defined in the Pre-Filing Secured Credit Agreement) and any Financial Assistance provided to an Obligor in accordance with the Agreed Budget.

"**Permitted Priority Liens**" means:

(a) the Administration Charge;

(b) Permitted Encumbrances (under and as defined in the Pre-Filing Secured Credit Agreement) that were properly perfected and senior in priority to the Pre-Filing Security under applicable law as of the Petition Date;

(c) statutory security interests that by operation of law cannot be subordinated or primed by the Lender Charge; and

(d) such other Security Interests as may be agreed to in writing by the Lender,

provided that, for greater certainty, except as expressly set forth herein, Security Interests arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "Permitted Priority Liens".

"**Person**" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity.

"**Petition Date**" means the date of commencement of the U.S. Proceedings by the filing of voluntary petitions for relief by the Obligors.

"**Plan**" means a plan of reorganization, liquidation, compromise or arrangement within the CCAA Proceedings or the U.S. Proceedings that either (i) is in form and substance satisfactory to the Lender or (ii) would result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement on the effective date of such Plan.

"**Pre-Filing Secured Credit Agreement**" means the amended and restated credit agreement dated as of December 3, 2019 between Structurlam Mass Timber Corporation, as Canadian borrower, Structurlam Mass Timber U.S., Inc., as U.S. borrower, and Bank of Montreal, as lender (as amended prior to the date hereof).

"**Pre-Filing Secured Creditor**" means Bank of Montreal, as the lender under the Pre-Filing Secured Credit Agreement.

"**Pre-Filing Security**" means the Security Interests granted to the Pre-Filing Secured Creditor by the Obligors.

"**Quarter End**" means the last day of each of March, June, September and December in each fiscal year of the Borrowers.

"**Receiver**" means any receiver, trustee, examiner, interim receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of any Obligor, or any part thereof, whether appointed by the Lender under a Document or by a court pursuant to Applicable Law and any nominee of the Lender or any other person that is appointed by the Lender to exercise all or any of the powers, rights, benefits and discretion of the Lender under such Document.

"**Related Party**" means any Person which is any one or more of the following:

(a) an Affiliate of a Borrower, or any Subsidiary thereof, other than an Obligor;

(b) a shareholder or partner of any Obligor, which, together with all Affiliates of such Person, owns or controls, directly or indirectly, more than 10% of the shares, capital or other ownership interests (however designated) of such Obligor, or an Affiliate of any such shareholder or partner;

(c) the Sponsor;

(d) Holdco;

(e) an officer or director of any of the foregoing; and

(f) a Person which is not at arm's length from any Obligor.

"**Release**" means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata.

"**Reorganization Transaction**" has the meaning set forth in Section 8.2(d).

"**Repayment Notice**" means a notice substantially in the form annexed to this Agreement as Schedule B to be given to the Lender by a Borrower pursuant to this Agreement.

"**Required Permits**" means, in respect of any Obligor, all Governmental Authorizations which are necessary at any given time for such Obligor to own and operate its property, assets, rights and interests or to carry on its business and affairs.

"**Restructuring Court Orders**" means, collectively, the court orders made in the CCAA Proceedings and the U.S. Proceedings applicable to an Obligor, and "**Restructuring Court Order**" means any one of such orders.

"**S&P**" means the Standard & Poor's Rating Group (a division of The McGraw-Hill Companies, Inc.) and any successors thereto.

"**Sale-Leaseback**" means an arrangement, transaction or series of arrangements or transactions under which title to any real property, tangible personal property or fixture is transferred by an Obligor to another Person which leases or otherwise grants the right to use such property to the Obligor (or its nominee) and, whether or not in connection therewith, the Obligor also acquires a right or is subject to an obligation to acquire such property or a material portion thereof, and regardless of the accounting treatment of such arrangement, transaction or series of arrangements or transactions.

"**Sale Order**" means an order of the U.S. Court presiding over the U.S. Proceedings approving, pursuant to section 363 of the Bankruptcy Code, one or more sales of, collectively, all or substantially all of the assets of the Obligors to one or more purchasers on an APA Closing, that approves the payment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement or that is otherwise acceptable in form and substance to the Lender.

"**Sale Procedures Order**" means an order or orders of the U.S. Court presiding over U.S. Proceedings each acceptable in form and substance to the Lender approving one or more APAs as a stalking horse bidder on terms and conditions acceptable to the Lender and approving bidding and sale procedures for one or more sales pursuant to Section 363 of the Bankruptcy Code on terms and conditions acceptable to the Lender.

"**Sanctions Laws and Regulations**" means (a) any sanctions, prohibitions or requirements imposed by any executive order (an "**Executive Order**") or by any sanctions program administered by the U.S. government, including without limitation the U.S. Department of the Treasury Office of Foreign Assets Control ("**OFAC**") and (b) any sanctions measures imposed by the United Nations Security Council, European Union or the United Kingdom.

"**Security**" has the meaning set forth in Section 9.1.

"**Security Interest**" means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retentions, security created under the *Bank Act* (Canada), liens,

encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

(a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;

(b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing Debt, (B) preferring some holders of Debt over other holders of Debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of setoff granted or arising in the ordinary course of business);

(c) the rights of lessors under Capital Leases, operating leases and any other lease financing; and

(d) absolute assignments of accounts receivable.

"**Seller Disclosure Schedule**" has the meaning ascribed to that term in the Stalking Horse Bid.

"**Sponsor**" means KF Arc Holdings LP (or its Affiliates), or an assignee of KF Arc Holdings LP approved by the Lender in its sole discretion.

"Stalking Horse Bid" means the Asset Purchase Agreement between Mercer International Inc. and the Obligors dated April 21, 2023.

"**Subsidiary**" means, with respect to any Person ("X"):

(a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by X or one or more of its Subsidiaries, or X and one or more of its Subsidiaries;

(b) any partnership of which, at the time, X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries: (i) directly, indirectly or beneficially own or control more than 50% of the income, capital, beneficial or ownership interests (however designated) thereof; and (ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or

(c) any other Person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries,

provided that, unless otherwise expressly provided or the context otherwise requires references in this Agreement to "Subsidiary" or "Subsidiaries" shall be and shall be deemed to be references to Subsidiaries of the Cdn. Borrower or the other Obligors.

"**Taxes**" means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof now or at any time in the future, together with interest thereon and penalties, charges or other amounts with respect thereto, if any, and "**Tax**" and "**Taxation**" shall be construed accordingly.

"**United States Dollars**" and "**U.S. $**" mean the lawful money of the United States of America.

"**Updated Budget**" means an update to the Agreed Budget prepared and delivered to the Lender on a weekly basis in accordance with Section 8.1(e)(ii)(B) for the period commencing at the end of the Friday of the previous week through and including 13 weeks thereafter, which shall reflect the Borrowers' good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Lender (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless consented to by the Lender in its sole and absolute discretion (exercised reasonably)). Each Updated Budget shall be prepared on a cash-flow basis and shall include the payment of accrued professional fees to an escrow agent pursuant to procedures set forth more fully in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, to be held by the agreed escrow agent until such time as they may be distributed to the relevant professionals in accordance with the orders of the U.S. Court.

"**USA PATRIOT Act**" means the *U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* and the regulations and rules promulgated thereunder, as amended from time to time.

"**U.S. $ Loan**" means an Advance in United States Dollars made by the Lender to a Borrower under the Credit Facility.

"**U.S. Borrower**" means Structurlam Mass Timber U.S., Inc., a Delaware corporation.

"**U.S. Court**" means the United States Bankruptcy Court for the District of Delaware.

"**U.S. Guarantor**" means Natural Outcomes, LLC, a Delaware limited liability corporation.

"**U.S. Proceedings**" means the proceedings to be commenced in the United States by the Borrowers and the other Obligors before the U.S. Court pursuant to chapter 11 of the Bankruptcy Code.

"**Variance Testing Date**" means the second Wednesday occurring after the Outside Date and each Wednesday thereafter.

"**Weekly Cashflow Report**" has the meaning set forth in Section 8.1(e)(ii)(A).

"**Withdrawal Liability**" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

1.2 Headings; Articles and Sections

The division of this Agreement into Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement

supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Number; including

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and vice versa, and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.4 Application of Accounting Principles; Accounting Changes

Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any other Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrowers and the Lender agree to enter into good faith negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Cdn. Borrower's consolidated financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrowers and the Lender, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "**Accounting Changes**" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Chartered Professional Accountants of Canada, and in all events including changes resulting from implementation of the International Financial Reporting Standards or accounting standards for private enterprises to the extent required by the Canadian Accounting Standards Board and to the extent applicable to the Borrowers.

1.5 References to Agreements and Enactments

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

1.6 Per Annum Calculations; Currency

Unless otherwise stated, wherever in this Agreement reference is made to a rate "per annum" or a similar expression is used, such rate is expressed on the basis of, and shall be calculated on the basis of, a year of 365 or 366 days, as applicable. Unless otherwise stated herein, all dollar amounts referenced in this Agreement are in Canadian currency.

1.7 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedules 7.1(e) to 7.1(x)	-	Disclosure Schedules
Schedule A	-	Drawdown Notice
Schedule B	-	Repayment Notice
Schedule C	-	Agreed Budget
Schedule D	-	Initial Order
Schedule E	-	[Reserved]
Schedule F	-	Interim U.S. DIP Order
Schedule G	-	[Reserved]

1.8 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in Vancouver, British Columbia.

1.9 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

ARTICLE 2
THE CREDIT FACILITY

2.1 The Credit Facility

Subject to the terms and conditions hereof, the Lender shall make available to the Borrowers the Credit Facility. At any date, the Outstanding Principal under the Credit Facility shall not exceed the maximum principal amount thereof.

2.2 Types of Availments

(a) Under the Credit Facility, a Borrower may, in Canadian Dollars, make Drawdowns of Cdn. $ Loans and may, in United States Dollars, make Drawdowns of U.S. $ Loans.

(b) The Borrowers shall have the option, subject to the terms and conditions hereof, to determine which types of Loans shall be drawn down under the Credit Facility and in which combinations or proportions.

2.3 Purpose

The Credit Facility is being made available to the Borrowers solely for the purposes set forth in Section 8.1(s).

2.4 Availability of the Credit Facility

Subject to the terms and conditions hereof, the Borrowers may make Drawdowns under the Credit Facility after the Effective Date and prior to the Maturity Date for the purposes described in Section 2.3 above.

2.5 Minimum Drawdowns

Each Drawdown under the Credit Facility of the following types of Loans shall be in the following amounts indicated:

(a) Cdn. $ Loans in minimum principal amounts of $50,000; and

(b) U.S. $ Loans in minimum principal amounts of U.S.$50,000.

2.6 Drawdown Notices; Drawdowns

A Drawdown Notice shall be given to the Lender by 11:00 a.m. (Local Time) on Friday of each calendar week (or as otherwise required with the approval of the Information Officer, the Lender and the Lender's Counsel's Financial Advisor) substantially in the form of Schedule A annexed hereto. Subject to the satisfaction of the conditions precedent specified in this Agreement, the Lender shall make such amounts available to the Borrowers by depositing such amounts in the applicable Borrower's account with the Lender. Notwithstanding anything to the contrary herein, a Borrower may from time to time deliver a Drawdown Notice to the Lender whereby the proceeds of the Loan requested thereunder will be used for one or more of the purposes permitted pursuant to Section 8.1(s) but not contemplated by the Agreed Budget (or the most recent Updated Budget), and the Lender may, in its discretion, make the requested amount under such Drawdown Notice available to the Borrowers with the approval of the Information Officer.

2.7 Lender's Obligations with Respect to Cdn. $ Loans and U.S. $ Loans

The Lender shall, for same day value on the Drawdown Date specified by a Borrower in a Drawdown Notice with respect to a Cdn. $ Loan or U.S. $ Loan, make an advance to such Borrower of the full amount of the requested Loan in the relevant currency in accordance with any payment instructions set forth in the applicable Drawdown Notice.

2.8 Irrevocability

A Drawdown Notice or Repayment Notice given by a Borrower hereunder shall be irrevocable and, subject to any options the Lender may have hereunder in regard thereto and such Borrower's rights hereunder in regard thereto, shall oblige such Borrower to take the action contemplated on the date specified therein.

2.9 Optional Repayment of the Credit Facility

A Borrower may at any time and from time to time repay, without penalty, to the Lender the whole or any part of any Loan owing by it under the Credit Facility, together with accrued interest thereon to the date of such repayment provided that:

(a) except as otherwise provided in Section 2.10, such Borrower shall give a Repayment Notice (executed in accordance with the definition of Officer's Certificate) to the Lender not later than 9:00 a.m. (Local Time) one Banking Day prior to the date of the proposed repayment of such Loan;

(b) repayments pursuant to this Section may only be made on a Banking Day;

(c) each such repayment shall be in a minimum amount of the lesser of: (i) the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan proposed to be repaid, and any repayment in excess of such amount shall be in integral multiples of $100,000 or U.S.$100,000, as the case may be, and (ii) the Outstanding Principal of all Loans outstanding under the relevant Credit Facility immediately prior to such repayment;

(d) a Borrower may not repay a portion only of an outstanding Loan unless the unpaid portion is equal to or exceeds, in the relevant currency, the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan proposed to be repaid; and

(e) unless the Lender otherwise agrees in writing, each repayment of the Credit Facility by the Borrower hereunder shall automatically result in a permanent reduction of the maximum principal amount of the Credit Facility by an amount equal to the principal amount repaid.

2.10 Mandatory Repayment of Credit Facility

Subject to Section 10.2 and Article 6, the Borrowers shall: (a) repay or pay, as the case may be, to the Lender all Loans and other Secured Obligations outstanding under the Credit Facility on or before the Maturity Date, and (b) subject to any funding requirements with respect to the Carve-Out set forth in the Interim U.S. DIP Order and the Final U.S. DIP Order, if and to the extent the aggregate amount of all receipts and deposits made to the Obligors' bank accounts during the period from and including the Effective Date through the Maturity Date exceeds the amount set out in the Agreed Budget (as such amount may be modified with the mutual consent of the Lender and the Borrowers), apply, when available, all such receipts and deposits in excess thereof in the following order (the "Payment Protocol") (i) against the pre-filing indebtedness of the Obligors under the Pre-Filing Secured Credit Agreement up to the amount of C$3,900,000, and (ii) as a mandatory prepayment of the Credit Facility (and, for certainty, any amounts so prepaid may not be reborrowed).

2.11 Repayment of Borrowings In Excess of the Authorized Principal Amount

If the Outstanding Principal under the Credit Facility (determined in Cdn. Dollars with all Loans denominated in U.S. Dollars under the Credit Facility being converted to the Equivalent Amount of Cdn. Dollars) is on any day in excess of the authorized principal amount of the Credit Facility, the Borrowers shall within five (5) Banking Days thereafter repay or otherwise reduce a portion of such Loans under the Credit Facility to the extent of the amount of such excess.

2.12 Cancellation of Credit Facility and Prepayment

Provided that the Information Officer is satisfied that there are sufficient cash reserves in the Obligors' bank accounts to satisfy amounts secured by the Permitted Priority Liens and to satisfy the Carve-Out, the Borrowers may, without penalty or premium, at any time during the term of this Agreement upon five (5) Banking Days prior written notice substantially in the form annexed hereto as Schedule B, cancel the Credit Facility or any portion thereof in minimum amounts of Cdn. $500,000 and whole multiples of Cdn. $100,000 thereafter if, on or prior to the last day of such notice period, the Borrowers have:

(a) prepaid or otherwise reduced the applicable Loans outstanding under the Credit Facility in an amount equal to the amount by which the Loans outstanding under the Credit Facility would otherwise be in excess of the stated amount of the Credit Facility immediately after the reduction of the Credit Facility provided for in such notice; and

(b) paid all accrued interest and other charges and fees in respect of the applicable Loans being repaid or reduced as aforesaid.

Any such notice of cancellation is irrevocable and the amount of the Credit Facility so cancelled and reduced may not be reinstated hereunder.

2.13 Mandatory Prepayments

(a) On the Maturity Date, the Credit Facility and the Lender's commitment thereunder shall be permanently cancelled and the Borrowers shall repay all Loans and other Credit Facility Indebtedness outstanding under the Credit Facility to the Lender in full.

(b) Unless otherwise consented to in writing by the Lender, and provided the Information Officer is satisfied that there are sufficient cash reserves in the Obligors' bank accounts to satisfy (x) amounts secured by the Permitted Priority Liens and to satisfy the Carve-Out, and (y) amounts anticipated on the date of the mandatory repayment under the Agreed Budget in respect of which Loans were made that have not yet been incurred or paid (including, for greater certainty, anticipated legal or advisory fees in the CCAA Proceedings or U.S. Proceedings):

(i) upon receipt by an Obligor of a refund or payment on account of taxes from any Governmental Authority, excluding refunds or payments on account of sales taxes;

(ii) to the extent directed by a final order of the U.S. Court in the U.S. Proceedings (which may include the Sale Order), upon receipt by an Obligor of the proceeds of any sale, assignment, transfer, conveyance, surrender, exchange, lease, sub-lease or other disposition of property other than Permitted Dispositions (the proceeds from which Permitted Distributions shall be applied as directed by the orders of the U.S. Court and the Canadian Court); and

(iii) upon receipt by an Obligor of the proceeds arising from the issuance of any equity or debt securities of such Obligor,

the Borrowers shall repay, or shall cause to be repaid, Loans in accordance with the Payment Protocol in an amount equal to the amount so received in cash and cash equivalents (less any amount determined by the Information Officer to be retained as an addition to cash reserves in the Obligor's bank accounts to satisfy amounts described in clauses (x) or (y) above and any other amounts reserved on account thereof in the Agreed Budget) within one Banking Day.

Each Borrower hereby authorizes and directs the Lender to debit such Borrower's or any other Obligor's accounts with the Lender to effect any of the foregoing to the extent that the Borrowers have not made any such mandatory prepayment in accordance with this Section 2.13(b). For greater certainty, amounts prepaid pursuant to this Section 2.13(b) shall permanently reduce the stated amount of the Credit Facility and may not be reborrowed.

ARTICLE 3
CONDITIONS PRECEDENT TO DRAWDOWNS

3.1 Conditions Precedent

This Agreement shall be effective on the date (the "**Effective Date**") upon which each of the following conditions are satisfied or waived in writing by the Lender:

(a) **Initial Order.** The Canadian Court shall have issued and entered the Initial Order by the Outside Date, satisfactory to the Lender and substantially in the form annexed hereto as Schedule D, and the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Lender, as determined by the Lender (acting reasonably), without the consent of the Lender.

(b) **U.S. Interim DIP Order.** The U.S. Court shall have issued and entered the Interim U.S. DIP Order by the Outside Date, satisfactory to the Lender and substantially in the form annexed hereto as Schedule F, and the Interim U.S. DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Lender, as determined by the Lender (acting reasonably), without the consent of the Lender.

(c) [Reserved]

(d) **Representations and Warranties.** The representations and warranties contained in Section 7.1 are true and correct as of such time, and the Lender shall have received a certificate from the Borrowers certifying the same.

(e) **No Event of Default.** As of the Effective Date, there exists no Default or Event of Default, and the Lender shall have received a certificate from the Borrowers certifying the same.

(f) **No Material Adverse Change.** No Material Adverse Change shall have occurred since the date of issuance of the Initial Order and the Lender shall have received a certificate of the Borrowers certifying the same.

(g) **Receipt of Documentation.** The Lender shall have received, in form and substance satisfactory to the Lender, (a) a duly executed original of this Agreement, (b) duly executed copies of the Security required pursuant to Section 9.1, (c) a certificate of status, certificate of good standing or similar document in respect of each Obligor issued under the laws of each jurisdiction where such Obligor is organized or formed; (d) an officer's certificate provided by or on behalf of each Obligor attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate of the officer's executing the Documents; (e) a true and complete copy of the Initial Order, the Interim U.S. DIP Order, and the Agreed Budget; (f) an officer's certificate of the Borrowers certifying as to the matters set forth in Sections 3.1(d), (e) and (f); (g) a certificate or certificates of insurance in respect of the Obligors; (h) any applicable "know your client" or anti-money laundering information which the Lender may require; and (i) such other documents as are required under this Agreement or which the Lender may reasonably request.

(h) **Lender Charge.** There are no Security Interests ranking in priority to the Lender Charge, other than Permitted Priority Liens.

(i) **Fees.** The Borrowers have paid to the Lender a work fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 3% of the maximum authorized principal amount of the Credit Facility on the Effective Date.

(j) **Lenders Fees and Expenses.** The Borrowers have paid to the Lenders all other fees and expenses of the Lender then due and payable (including all accrued and unpaid the fees and expenses of Lender's Counsel and Lender's Counsel's Financial Advisor).

3.2 Conditions Precedent for all Drawdowns

On or before each Drawdown under the Credit Facility the following conditions shall be satisfied:

(a) the Lender shall have received a proper and timely Drawdown Notice from the relevant Borrower requesting the Drawdown;

(b) the representations and warranties set forth in Section 7.1 shall be true and accurate in all material respects on and as of the date of the requested Drawdown, except to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall be true and accurate in all material respects as of such earlier date; provided that any representation or warranty that is qualified as to "in all material respects", "materiality", "Material Adverse Effect" or similar language shall be true and accurate in all respects, as so qualified, on and as of the date of the requested Drawdown or as of such earlier date, as the case may be;

(c) no Default or Event of Default shall have occurred and be continuing on and as of the date of the requested Drawdown nor shall the Drawdown result in the occurrence of a Default or Event of Default;

(d) after giving effect to the proposed Drawdown, the Outstanding Principal of all Loans outstanding under the Credit Facility shall not exceed the maximum principal amount of the Credit Facility; and

(e) all fees and expenses of the Lender then due and payable (including all accrued and unpaid fees and expenses of Lender's Counsel and Lender's Counsel's Financial Advisor) for which invoices have been provided to the Borrowers, shall have been paid or will be paid from the proceeds of the requested Drawdown.

3.3 Waiver

The conditions set forth in Sections 3.1 and 3.2 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

ARTICLE 4
EVIDENCE OF DRAWDOWNS

4.1 Accounts of Record

The Lender shall open and maintain books of account at the Lender's Branch evidencing all Loans and all other amounts owing by the Borrowers to the Lender hereunder. The Lender shall enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrowers hereunder. The information entered in the foregoing accounts shall, absent manifest error, constitute *prima facie* evidence of the obligations of the Borrowers to the Lender hereunder with respect to all Loans and all other amounts owing by the Borrowers to the Lender hereunder. After a request by a Borrower, the Lender shall promptly advise the Borrowers of such entries made in the Lender's books of account.

ARTICLE 5
PAYMENTS OF INTEREST AND FEES

5.1 Interest on Cdn. $ Loans

Each Borrower shall pay interest on each Cdn. $ Loan owing by it during each Interest Period applicable thereto in Canadian Dollars at a rate per annum equal to the Applicable Pricing Margin to the Lender's Account for Payment. Such interest shall accrue daily and shall be payable in arrears on

each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Cdn. $ Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable.

5.2 Interest on U.S. $ Loans

Each Borrower shall pay interest on each U.S. $ Loan owing by it during each Interest Period applicable thereto in United States Dollars at a rate per annum equal to the Applicable Pricing Margin to the Lender's Account for Payment. Such interest shall accrue daily and be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the U.S. $ Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable.

5.3 *Interest Act* (Canada)

(a) Whenever a rate of interest or other rate per annum hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or other rate shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest or other rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(b) Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year of 360 days, such rate of interest or other rate shall be expressed as a rate per annum, calculated on the basis of a 365 day year, by multiplying such rate of interest or other rate by 365 and dividing it by 360.

5.4 Nominal Rates; No Deemed Reinvestment

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

5.5 Standby Fees

(a) The Borrowers shall pay to the Lender a standby fee in Canadian Dollars in respect of the Credit Facility calculated at a rate per annum equal to the Applicable Pricing Margin on the amount, if any, by which the amount of the Outstanding Principal under the Credit Facility for each day in the period of determination is less than the maximum amount for each such day of the Credit Facility (taking into account the actual amount of the Credit Facility that is actually authorized to be borrowed on such date). Fees determined in accordance with this Section 5.5 shall accrue daily from and after the Effective Date and be payable by the Borrowers monthly in arrears, on cancellation in full of the Credit Facility and on the Maturity Date.

(b) As of: (i) the last Banking Day of each calendar month, (ii) the date of the cancellation in full of the Credit Facility, and (iii) the Maturity Date, the Lender shall determine the standby fees under Section 5.5(a) for the period from and including the Effective Date or the date of the immediately preceding determination, as the case may be, to but excluding that date of determination and is hereby authorized to debit the current accounts of the Cdn. Borrower for payment of the standby fees so determined for the account of the Lender.

5.6 Exit Fee

The Borrowers shall pay to the Lender an exit fee in Canadian Dollars in respect of the Credit Facility calculated at a rate equal to 1% of the maximum authorized principal amount of the Credit Facility on the Effective Date (the "**Exit Fee**"), such Exit Fee to be payable in full on the Maturity Date.

5.7 Default Interest

Notwithstanding any other provision hereof, upon the occurrence of and during the continuation of any Event of Default, the Borrowers shall, at the option of the Lender by written notice to the Borrowers, pay interest on the Outstanding Principal of all outstanding Loans and any other Secured Obligations payable hereunder (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date of such Event of Default and such interest shall accrue daily, be calculated and compounded monthly and be payable on demand, after as well as before maturity, default and judgment, at a rate per annum that is equal to the Applicable Pricing Margin (for certainty, after giving effect to clause (iii) of the definition thereof).

5.8 Waiver

To the extent permitted by applicable law, the covenants of the Borrowers to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrowers (or either of them) to the Lender and any provision of the *Interest Act* (Canada) or *Court Order Interest Act* (British Columbia) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by the Borrowers (and each of them).

5.9 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by applicable law. In the event that such interest or fee exceeds such maximum rate, such interest or fees shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under applicable law.

ARTICLE 6
PLACE AND APPLICATION OF PAYMENTS

6.1 Place of Payment of Principal, Interest and Fees; Payments to Lender

All payments of principal, interest, fees and other amounts to be made by a Borrower to the Lender pursuant to this Agreement shall be made to the Lender for value on the day such amount is due, and if such day is not a Banking Day on the Banking Day next following, by deposit or transfer thereof to the Lender's Account for Payment or at such other place as the Borrowers and the Lender may from time to time agree.

6.2 Funds

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used in Vancouver, British Columbia, and Toronto, Ontario in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made (for certainty, each such amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in immediately available funds to the extent possible in the relevant jurisdiction).

6.3 Application of Payments

Except as otherwise agreed in writing by the Lender, if any Event of Default shall occur and be continuing, all payments made by the Borrowers to the Lender shall be applied in the following order:

(a) to amounts due hereunder as fees;

(b) to amounts due hereunder as costs and expenses;

(c) to amounts due hereunder as default interest;

(d) to amounts due hereunder as interest; and

(e) to amounts due hereunder as principal.

6.4 Payments Clear of Taxes

(a) Any and all payments by the Obligors to the Lender hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority or under the laws of any international tax authority imposed on the Lender, or by or on behalf of the foregoing (and, for greater certainty, nothing in this Section 6.4(a) shall make a Borrower liable for any taxes imposed on or measured by the Lender's overall net income, capital taxes or franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement)). In addition, each Obligor agrees to pay any present or future stamp, transfer, registration, excise, issues, documentary or other taxes, charges or similar levies which arise from any payment made under this Agreement or the Loans or in respect of the execution, delivery or registration or the compliance with this Agreement or the other Documents contemplated hereunder other than taxes imposed on or measured by the Lender's overall net income and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement). Each Obligor shall indemnify and hold harmless the Lender for the full amount of any Taxes or other amounts paid or payable by the

Lender and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Agreement or the Loans or in respect of the execution, delivery or registration of, or compliance with, this Agreement or the other Documents other than taxes imposed on or measured by the Lender's overall net income, capital taxes and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement); provided, however, that notwithstanding anything to the contrary in this Section 6.4(a), the Obligors do not indemnify or hold the Lender harmless for any amount of U.S. federal withholding Taxes imposed due to the Lender's failure to comply with FATCA.

(b) If any Obligor shall be required by law to deduct or withhold any amount for which it is liable under Section 6.4(a) from any payment or other amount required to be paid to the Lender hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to the Lender hereunder shall be increased as may be necessary so that after making all required deductions, withholdings, and additional income tax payments attributable thereto (including deductions, withholdings or income tax payable for additional sums payable under this provision) the Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional taxes had not been imposed; in addition, such Obligor shall pay the full amount deducted or withheld for such liabilities to the relevant taxation authority or other authority in accordance with applicable law, such payment to be made (if the liability is imposed on such Obligor) for its own account or (if the liability is imposed on the Lender) on behalf of and in the name of the Lender, as the case may be. If the liability is imposed on the Lender, such Obligor shall deliver to the Lender evidence satisfactory to the Lender, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

(c) The Lender shall provide any documentation reasonably requested by any Obligor sufficient for such Obligor to comply with its obligations, if any, under FATCA and to determine whether the Lender has complied with any applicable reporting requirements under FATCA.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties

Each of the Obligors represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Existence and Good Standing. Each of the Obligors is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation, or is a partnership or trust validly existing under the laws of its jurisdiction of organization or formation; each Obligor is duly registered in all other jurisdictions where the nature of its property or character of its business requires registration, except for jurisdictions where the failure to be so registered or qualified would not have a Material Adverse Effect, and has all necessary power and authority to own its properties and carry on its business as presently carried on or as contemplated by the Documents.

(b) Authority. Subject to issuance of the Initial Order and the Interim U.S. DIP Order, each Obligor has full power, legal right and authority to enter into the Documents and do all such acts and things as are required by such Documents to be done, observed or performed, in accordance with the terms thereof.

(c) Valid Authorization. The execution, delivery and performance by each Obligor of each of the Documents to which it is a party:

(i) have been duly authorized by all necessary corporate, partnership, trust and other action, as applicable;

(ii) are within its corporate, partnership or trust power and capacity, as applicable;

(iii) do not violate any provision of law or of its articles of incorporation or by laws, partnership agreement or other constating or organizational documents, as applicable;

(iv) do not result in the breach of or constitute a default or require any consent under, or result in the creation of any Security Interest upon any of its property or assets pursuant to, any indenture or other agreement or instrument to which it is a party or by which it or its property may be bound or affected, and

(v) subject to the issuance of the Interim U.S. DIP Order and the Final U.S. DIP Order, as applicable, and the Initial Order, do not require any license, consent or approval of or advance notice to or advance filing with any governmental agency or regulatory authority except those which have already been made or obtained and which are in full force and effect.

(d) Execution and Delivery. Each Document to which an Obligor is a party has been duly executed and delivered by such Obligor.

(e) Validity of Agreement; Non-Conflict. Subject to the issuance of the Interim U.S. DIP Order and the Final U.S. DIP Order, as applicable, and the Initial Order, none of the authorization, execution or delivery of this Agreement or the other Documents or performance of any obligation pursuant hereto or thereto requires or will require, pursuant to applicable law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of (i) any Obligor's articles, by-laws or other constating documents or any resolutions of directors or shareholders or (ii) the provisions of any material agreement, the contravention of which, in the case of clause (ii) above, has had or would reasonably be expected to have a Material Adverse Effect. The Documents, when executed and delivered, will constitute valid and legally binding obligations of each Obligor which is a party thereto enforceable against each such party in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(f) Ownership and Location of Property. Each Obligor has good and marketable title to its material property, subject to Permitted Encumbrances which, individually and in the aggregate, do not materially affect the rights of ownership of such Obligor to such property, the value thereof or its right or ability to utilize the same in the conduct of its business and affairs. Each location where tangible material property of any Obligor is kept is set forth in Schedule 7.1(e) annexed hereto.

(g) Debt. None of the Obligors, has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which any such Obligor is now or may hereafter become liable for any Debt other than Permitted Debt.

(h) Encumbrances. None of the Obligors has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, any Person may have or be entitled to any Security Interest on or in respect of its property and assets or any part thereof except for Permitted Encumbrances.

(i) No Material Adverse Effect. No event or circumstance has occurred or is continuing which has had or would reasonably be expected to have a Material Adverse Effect.

(j) No Omissions. The Obligors have made available to the Lender all material information necessary to make any representations, warranties and statements contained in this Agreement not misleading in any material respect in light of the circumstances in which they are given.

(k) Non-Default.

(i) No Default or Event of Default has occurred or is continuing or is, immediately after giving effect thereto, reasonably expected to occur following any Drawdown hereunder.

(ii) No event or circumstance has occurred and is continuing which constitutes, or which with the giving of notice, the lapse of time, a relevant determination or any combination thereof would constitute, a contravention of or default under any material agreement which could reasonably be expected to have a Material Adverse Effect.

(l) Financial Condition. The audited and unaudited combined consolidated and unconsolidated financial statements of the Borrowers delivered to the Lender pursuant hereto present fairly, in all material respects, the combined consolidated or unconsolidated financial condition of such Persons or Person as at the date thereof and the results of the combined consolidated or unconsolidated operations thereof for the fiscal year or fiscal quarter (as applicable) then ending, all in accordance with GAAP consistently applied.

(m) Information Provided. All information, materials and documents, including all cash flow projections, economic models, capital and operating budgets and other information and data:

(i) prepared and provided to the Lender by the Obligors in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof; and

(ii) to the extent prepared by Persons other than the Obligors and provided to the Lender by or on behalf of the Obligors in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, to the best of the knowledge of the Obligors, after due inquiry, in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof.

(n) Absence of Undisclosed Liabilities. None of the Obligors has any material liabilities, losses or obligations of any nature (whether absolute, known or unknown, accrued, fixed, contingent,

liquidated, unliquidated, due or to become due, or otherwise), except for (i) liabilities included or reflected in the financial statements delivered to the Lender and adequately reserved against therein in accordance with GAAP consistently applied, (ii) liabilities or performance obligations arising subsequent to the date of the balance sheets delivered to the Lender in the ordinary course of business (and not as a result of a breach or default by any Obligor) out of or under agreements, contracts, leases, arrangements or commitments to which such Obligor is a party or (iii) otherwise constituting Permitted Debt.

(o) Absence of Litigation. Except as set out in Schedule 3.6 of the Seller Disclosure Schedule and the general pendency of the CCAA Proceedings and the U.S. Proceedings, and actions arising in the ordinary course of the Business and that would not have, in the aggregate, a Material Adverse Effect, there are no actions, suits or proceedings pending or, to the knowledge of the Obligors, threatened against or affecting any of the Obligors or their respective property, undertakings and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to such Person and which, if determined adversely, would have or would reasonably be expected to have a Material Adverse Effect.

(p) Compliance with Applicable Laws, Court Orders and Material Agreements. Except as set out in Schedule 3.8(b) of the Seller Disclosure Schedule or Schedule 7.1(p) annexed hereto, and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect each of the Obligors and their respective property, businesses and operations are in compliance with all Applicable Laws (including, without limitation, all applicable Environmental Laws), all applicable directives, judgments, decrees, injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by-laws, other constating documents, partnership agreements and other organizational documents, all material agreements, as applicable, and any employee benefit plans, except to the extent that any such non-compliance would not reasonably be expected to have a Material Adverse Effect or is otherwise stayed, including in accordance with section 362 of the Bankruptcy Code, or as contemplated by the Initial Order.

(q) Governmental Approvals; Required Permits in Effect.

(i) subject to issuance of the Initial Order, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the transactions contemplated by this Agreement or any of the Documents, in each case, except for (i) the filing of PPSA financing statements and similar security or collateral filings and registrations under applicable laws in other jurisdictions, and (ii) such actions, consents, approvals, registrations and filings as have been made or obtained and are in full force and effect; and

(ii) all Required Permits are in full force and effect, except to the extent that the failure to have or maintain the same in full force and effect would not, when taken in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(r) Remittances Up to Date. All of the material remittances required to be made by the Obligors to Governmental Authorities which are due and payable have been made, are currently up to date and there are no outstanding arrears, other than those which are being contested by Permitted Contest.

(s) Agreed Budget and Updated Budgets. The Agreed Budget and each Updated Budget (when the same is delivered) are reasonable and have been prepared in good faith.

(t) Use of Borrowings. The Borrowers' use of the proceeds of Loans obtained by it (and the request for Advances therefor) complies with the requirements of Section 2.3.

(u) Payroll Obligations. No Obligor has defaulted in respect of its obligations for payroll and source deductions or is in arrears in respect of the payment of any such obligations.

(v) Environmental.

(i) to the best of the knowledge and belief of the Obligors, after due inquiry, the Obligors and their properties, assets and undertakings taken as a whole comply in all material respects and the businesses, activities and operations of same and the use of such properties, assets and undertakings and the processes and undertakings performed thereon comply in all material respects with all Environmental Laws; further, no Obligor knows, or has reasonable grounds to know, of any facts which result in or constitute or are likely to give rise to material non-compliance with any Environmental Laws.

(ii) no Obligor has received written notice and, except as previously disclosed to the Lender in writing, has no knowledge, after due inquiry, of any facts which could give rise to any notice of material non-compliance with any Environmental Laws and has not received any notice that any Obligor is a potentially responsible party for a federal, provincial, regional, municipal or local clean up or corrective action in connection with its properties, assets and undertakings.

(w) Taxes. Except as disclosed in Schedule 3.16 of the Seller Disclosure Schedule, each Obligor has duly filed on a timely basis all tax returns required to be filed by it and have paid all material Taxes which are due and payable, and has paid all material assessments and reassessments, and all other material Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against it, other than those which (i) are being contested by it by Permitted Contest or (ii) those arising from a voluntary disclosure which have an aggregate liability of $100,000 or less; it has made adequate provision for, and all required instalment payments have been made in respect of, Taxes payable for the current period for which returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by it or the payment of any Taxes; there are no actions or proceedings being taken by any taxation authority in any jurisdictions where any Obligor carries on business to enforce the payment of any Taxes by it other than those which are being contested by it by Permitted Contest.

(x) Structure. Holdco is the sole shareholder of each of the Cdn. Borrower and the U.S. Borrower, and no Person (other than an Obligor) has any right or option to purchase any of the issued and outstanding Equity Interests of any Obligor.

(y) Subsidiaries. The only Subsidiaries of each of Holdco, the Cdn. Borrower and the U.S. Borrower are as disclosed in Schedule 7.1(y) annexed hereto, as supplemented from time to time by the Borrowers within 10 Banking Days of the acquisition, creation or existence, or disposition, of each Subsidiary created, acquired or disposed of after the Effective Date. Each supplemented Schedule 7.1(y) sets forth a list of all of the Subsidiaries of each of Holdco, the Cdn. Borrower and the U.S. Borrower and identifies (A) the jurisdiction of incorporation, existence, organization or formation of each such Subsidiary and (B) each jurisdiction in which each such Person has assets or carries on a material part of its business. As at the Effective Date, the only Subsidiaries of Holdco are the Cdn. Borrower, the U.S. Borrower and the U.S. Guarantor.

(z) Insurance. Each Obligor is insured with financially sound and reputable insurance companies that are not Affiliates of the Borrowers, in such minimum amounts, with such maximum deductibles and covering such risks as are consistent with the insurance carried by companies engaged in similar businesses and owning similar properties in localities where such Obligor operates.

(aa) Intellectual Property. Each Obligor has or has the legal right to use all Intellectual Property necessary for the operation and conduct of its business, affairs, operations and processes and, to the best of the Obligors' knowledge and belief, no Person has asserted any claim or taken any step or proceedings to prohibit or limit the use of such Intellectual Property by the Obligors or any of them.

(bb) Material Agreements. Except for the contracts listed in Schedule 3.8 of the Seller Disclosure Schedule, as supplemented from time to time by the Obligors within 10 Banking Days of executing a new material agreement after the Effective Date, the Obligors have no material agreements. Save and except for any material breach, default or event of default or similar event or condition (howsoever described) brought about by the Obligors commencing the CCAA Proceeding or the US Proceeding, each material agreement of the Obligors is in full force and effect and no material breach, default or event of default or similar event or condition (howsoever described) by any Obligor is subsisting thereunder, except as set forth in Schedule 7.1(bb) annexed hereto.

(cc) Transactions with Related Parties. Except for the transactions referenced in Schedule 7.1(cc) annexed hereto, no Obligor is engaged in any transaction with any Related Party (other than another Obligor) on terms less favourable to such Obligor than those that would be obtainable by it in a comparable arm's-length transaction with a Person that is not a Related Party.

(dd) ERISA. Except as disclosed in writing to the Lender, neither Holdco, nor any ERISA Affiliate maintains, sponsors, participates in or contributes to any Pension Plan or any Multiemployer Plan. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect, and each Pension Plan has complied in all material respects with the applicable provisions of ERISA and the Code. Neither Holdco, nor any Borrower sponsors a "welfare benefit plan", as defined in Section 4.1 of ERISA, that is subject to ERISA and which provides post-retirement medical benefits, other than liability for continuation coverage described in Part 6 of Subtitle B of Title I of ERISA.

(ee) Sanctions and AML Laws and Regulations. No Obligor is (i) in violation of any Sanctions Laws and Regulations, (ii) in violation of any Anti-Money Laundering Laws and Regulations, (iii) a Designated Person, (iv) subject to or in violation of any sanctions, prohibitions or requirements imposed by any Executive Order or by any sanctions program administered by OFAC, (v) acting as agent for any person or government covered by any of the foregoing or (vi) subject to any action or investigation in respect of any of the foregoing.

7.2 Deemed Repetition

On the date of delivery by a Borrower of a Drawdown Notice to the Lender, and again on the date of any Drawdown made by a Borrower pursuant thereto:

(a) each of the representations and warranties contained in Section 7.1 shall be deemed to be repeated; and

(b) the Obligors shall be deemed to have represented to the Lender that no event has occurred and remains outstanding which would constitute a Default or an Event of Default nor will any such event occur as a result of the aforementioned Drawdown.

7.3 Other Documents

All representations, warranties, certifications and statements of any Obligor contained in any other Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Obligors to the Lender under Section 7.1 of this Agreement.

7.4 Effective Time of Repetition

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof or as at another date.

7.5 Nature of Representations and Warranties

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement and the making of each Drawdown, notwithstanding any investigations or examinations which may be made by the Lender or Lender's Counsel. Such representations and warranties shall survive until this Agreement has been terminated, provided that the representations and warranties relating to environmental matters shall survive the termination of this Agreement.

ARTICLE 8
GENERAL COVENANTS

8.1 Affirmative Covenants of the Obligors

So long as any Secured Obligation is outstanding or the Credit Facility is available hereunder, each Obligor covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

(a) Punctual Payment and Performance. Each Borrower shall duly and punctually pay the principal of all Loans, all interest thereon and all fees and other amounts required to be paid by such Borrower hereunder in the manner specified hereunder and each Obligor shall maintain, perform and observe all of its respective obligations under this Agreement and under any other Document to which it is a party.

(b) Books and Records. It shall keep proper books of record and account in which complete and correct entries will be made of its transactions in accordance with GAAP.

(c) Maintenance and Operation. It shall do or cause to be done all things necessary or required to have all its properties, assets and operations owned, operated and maintained, in all material respects, in accordance with diligent and prudent industry practice and Applicable Laws, and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy to the extent necessary to ensure that coverage under any such policy cannot be denied by the insurers thereunder.

(d) Maintain Existence; Compliance with Legislation Generally; Required Permits. Except as otherwise expressly permitted by Section 8.2(d) or (n), each Obligor shall preserve and maintain its existence as a corporation, partnership or trust under the laws of its jurisdiction of incorporation, organization or formation. Each Obligor shall do or cause to be done all acts necessary or desirable to comply with all Applicable Laws, except where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to preserve and keep in full force and effect all Required Permits and all other franchises, licences, rights, privileges, permits and Governmental Authorizations necessary to enable such Obligor to operate and conduct its business and own its properties and assets (including, without limitation, its material owned and leased real property) in all material respects, in accordance with Applicable Laws and prudent industry practice.

(e) Budgets, Financial Statements and Other Information. The Obligors shall deliver to the Lender:

(i) Working Capital Reports – when requested by the Lender, as soon as available and in any event within three (3) Banking Days of the Lender's request, a written report setting forth the Obligors' cash balances, accounts receivable and accounts payable, in each case, as at the end of the period covered by the Lender's request, such report and statement to include all supporting ledgers, analysis and other information for such period, each such report to be in a form and with such level of detail as shall be satisfactory to the Lender, acting reasonably;

(ii) Weekly Cashflow Reports and Projections – commencing April 24, 2023 and on each Wednesday thereafter, by no later than 2:00 pm (Vancouver time) on each such Wednesday:

(A) a written report (the "**Weekly Cashflow Report**"), in form (including reasonable supporting information, to the extent requested by the Lender) satisfactory to the Lender in its sole discretion, summarizing the Obligors' actual cash receipts and cash expenditures and outflows, on a line by line basis, for (i) the period ending on Friday of the prior week, and (ii) the cumulative period commencing on April 24, 2023 and ending on Friday of the prior week, including details with respect to any variances, as compared to the Agreed Budget for the corresponding periods; and

(B) an Updated Budget together with a written summary of any changes to the Agreed Budget or the preceding Updated Budget, as applicable (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless consented to by the Lender in its sole and absolute discretion (exercised reasonably)); and

(iii) Other - such other information, reports, certificates, projections of income and cash flow or other matters affecting the business, affairs, financial condition, property or assets of the Obligors as the Lender may reasonably request.

(f) Rights of Inspection. At any reasonable time and from time to time upon reasonable prior notice, each Obligor shall permit the Lender or any representative thereof (at the expense of the Borrowers) to (i) examine and make copies of and abstracts from the records and books of account of such Obligor, (ii) visit and inspect the premises and properties of such Obligor (in each case at the risk of the Borrowers, except for the gross negligence or willful misconduct of the inspecting party or the failure of any such inspecting party) and provided that the Lender (and its officers and employees) conducts such visit and inspection in accordance with Applicable Laws, prudent industry practice and the Borrowers' reasonable site safety requirements, and (iii) discuss the

affairs, operations, finances and accounts of the Obligors with any of the officers or directors of the Obligors.

(g) Notice of Material Litigation. The Borrowers shall promptly give written notice to the Lender of any litigation, proceeding or dispute affecting any Obligor in respect of a demand or claim in respect of which there is a reasonable possibility of an adverse determination and which (i) involves potential liability on the part of any Obligor in excess of $100,000, or (ii) if adversely determined would otherwise reasonably be expected to have a Material Adverse Effect, and shall, in each case, from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.

(h) Notice of Default or Event of Default. The Borrowers shall deliver to the Lender, as soon as reasonably practicable and in any event no later than 3 Banking Days after becoming aware of a Default or an Event of Default, an Officer's Certificate describing in detail such Default or such Event of Default and specifying the steps, if any, being taken to cure or remedy the same.

(i) Notice of Management Letters; Material Adverse Effect. The Borrowers shall, as soon as reasonably practicable, promptly notify the Lender of (i) receipt of any accountant's or auditor's letters relating to the preparation of financial statements of any Obligor, or (ii) any event, circumstance or condition that has had or is reasonably likely to have a Material Adverse Effect.

(j) Notice of Change of Ownership. The Borrowers shall promptly give written notice to the Lender of any change in ownership of the equity capital of any Obligor after the date hereof.

(k) Notice of ERISA Events. The Borrowers shall, as soon as reasonably practicable, give written notice to the Lender of the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrowers and Subsidiaries in an aggregate amount exceeding $500,000 (or the Equivalent Amount thereof).

(l) Payment of Taxes, Withholdings, etc. Each Obligor shall, from time to time, pay or cause to be paid all material Taxes, rents, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon such Obligor or any of its assets as and when the same become due and payable, except when and so long as the validity of any such material Taxes, rents, rates, levies, assessments, fees, dues or withholdings is being contested by such Obligor by a Permitted Contest.

(m) Payment of Preferred Claims. Each Obligor shall, from time to time, pay when due or cause to be paid when due, in accordance with the Agreed Budget, all material amounts related to wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in a lien, charge, Security Interest or similar encumbrance against the assets of such Obligor arising under statute or regulation, except when and so long as the validity of any such material amounts or other obligations is being contested by such Obligor by a Permitted Contest or when such material amounts or other obligations become due on termination of an employee and are of a kind that may become subject to a deemed Security Interest pursuant to section 81.3 or 81.4 of the of BIA.

(n) Environmental Covenants. Without limiting the generality of Section 8.1(d) above, each Obligor shall, and shall use commercially reasonable efforts to cause any other party acting under its direction to, conduct its business and operations and maintain their properties and assets so as to comply at all times with all Environmental Laws in all material respects. If any Obligor shall:

(i) receive or give any notice that a material violation of any Environmental Law has or may have been committed or is about to be committed by the same;

(ii) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a material violation of any Environmental Law; or

(iii) receive any notice requiring any Obligor to take any action in connection with the Release of Hazardous Materials into the environment or alleging that any Obligor may be liable or responsible for costs associated with a response to or to clean up a Release of Hazardous Materials into the environment or any damages caused thereby, the Borrowers shall promptly provide the Lender with a copy of such notice and shall furnish to the Lender from time to time all reasonable information requested by the Lender relating to the same.

(o) Milestones. The Borrower shall, and shall cause each other Obligor to, do all such further acts and things reasonably practicable to achieve all the Milestones, including complying with the reasonable best efforts undertakings set out in any Milestone.

(p) Compliance with Agreed Budget. The Borrowers shall and shall cause each other Obligor to manage and operate their respective properties and assets and conduct their respective businesses and activities, in each case, in a manner which is consistent with the Agreed Budget.

(q) Conference Calls. The Borrowers shall, and shall use commercially reasonable efforts, if requested by the Lender, to cause (i) its non-legal advisors to, participate on weekly conference calls with the Lender, and its non-legal advisors, to discuss the Agreed Budget and any Updated Budgets, the Borrowers' current and projected operational performance, and any related financial matters; and (ii) its sale advisor, Miller Buckfire & Co., LLC, to provide regular updates to the Lender and its advisors with respect to the sales process being undertaken by such advisors on behalf of the Obligors, including updates in a timely manner with respect to prospective bidders identified by the Borrowers or such advisors, communications with such prospective bidders and the identity of any bidders and details of bids received; further, the Borrowers shall provide and shall cause their financial advisors to provide the Lender and its advisors with draft copies of all materials prepared for distribution to potential bidders prior to such distribution, including any invitation or "teaser" letter, confidential information memorandum or management presentation.

(r) Notices, Filings and other Information. The Borrowers shall, on a timely basis, furnish to the Lender: (i) as soon as practically possible upon the entering of the same, a true and complete copy of the Final U.S. DIP Order and the Initial Order; (ii) notice of all material developments with respect to the business and affairs of the Obligors, including (without limitation) the development of a Plan or an Alternative Restructuring Option; (iii) within a reasonable period of time prior to filing with the Canadian Court or U.S. Court, which, in any event, shall be: (A) in respect of any pleading related or connected to this Agreement, including in respect of any Plan or Approved Sale, at least 3 Banking Days (or such shorter time agreed by the Lender, which consent may be provided via email) prior to any such filing or proposed filing by, or on behalf of, an Obligor, (B) in the event of any other filing or proposed filing by, or on behalf of, an Obligor, as soon as reasonably practicable in advance of filing, copies of all material pleadings, material motions, material applications, material proposed orders or financing information and other material documents, in each case, which could reasonably be expected to affect the Lender or this Agreement, in each case, proposed to be filed by, or on behalf of any Obligor; (iv) regular (which, in any event shall be at least once weekly) update calls regarding the status of the CCAA Proceedings and U.S. Proceedings including, without limitation, reports on the progress of any Plan, Alternative Restructuring Option or Approved Sale and any information which may otherwise be confidential; and (v) copies of any

financial reporting provided to the Information Officer and any reports or commentary received from the Information Officer regarding the financial position of the Obligors. In addition to the foregoing and without in any way derogating therefrom, the Borrowers shall provide to the Lender copies of all such other information relating to the business, affairs, operations and financial condition of any Obligor as the Lender may reasonably request.

(s) Use of Credit Facility. Unless otherwise agreed to in writing by the Lender, the Borrowers shall use the Credit Facility and the proceeds thereof solely: (i) (A) to finance operating expenses and restructuring costs in the CCAA Proceedings and U.S. Proceedings, (B) to pay (1) professional fees and (2) other items in accordance with the Agreed Budget and (C) for general corporate purposes of the Borrowers and the other Obligors, all in accordance with the Agreed Budget (including the funding of the Carve-Out); and (ii) to pay fees and expenses related to the Credit Facility, the CCAA Proceedings and the U.S. Proceedings in each case, as contemplated in the Initial Order or the Interim U.S. DIP Order or Final U.S. DIP Order, as applicable, provided that, no proceeds of any Loan will be used: (x) for any purpose which violates, or would be inconsistent with, Regulation T, Regulation U or Regulation X each as issued by the U.S. Federal Reserve, (y) by the Obligors to investigate, object to or challenge in any way any claims of the Lender against any of the Obligors in respect of the Credit Facility or of the Pre-Filing Secured Creditor under the Pre-Filing Secured Credit Agreement; or (z) to investigate, object to or challenge in any way the validity, perfection or enforceability of the Security Interests created pursuant to the Lender Charge or any Security Interests granted pursuant to the U.S. Proceedings.

(t) Compliance with CCAA Proceedings and U.S. Proceedings. The Borrowers shall and shall cause each other Obligor to comply with the provisions of each Restructuring Court Order.

(u) Notice of Negative Cash Flow Variance. Without limiting any other obligation of the Borrowers under the Documents, the Borrowers shall forthwith advise the Lender in writing if, as at the end of any period ending on Friday of the prior week, a Negative Cash Flow Variance exists.

(v) Required Insurance. Each Obligor shall maintain, with financially sound and reputable insurers, insurance with respect to its properties and business and against such casualties and contingencies and in such types and such amounts as shall be required by the Lender (acting reasonably) and, in any event, as shall be in accordance with prudent business practices for Persons of the size and type of business and operations as such Obligor and in the case of the Cdn. Borrower or the U.S. Borrower, shall include business interruption insurance and third-party liability insurance. Each Obligor shall cause the Lender to be named loss payee or additional insured on each of its insurance policies required hereunder. In addition, the Borrowers shall provide to the Lender, promptly upon the Lender's request, (i) evidence of compliance with this Section 8.1(v), and (ii) a certified copy of each applicable policy of insurance.

(w) Intellectual Property. Each Obligor shall own, or have the legal right to use, all Intellectual Property necessary for the operation and conduct of its business, affairs, operations and processes.

(x) Cash Management; Accounts. To the extent authorized by the U.S. Court in the U.S. Proceedings, each of the Obligors shall cause all of its deposit accounts (other than the escrow account established in connection with the funding of the Carve-Out), securities accounts, and treasury accounts to be maintained with a branch of the Lender.

8.2 Negative Covenants of the Obligors

So long as any Secured Obligation is outstanding or any Credit Facility is available hereunder, each Obligor covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

(a) Change of Business/Holdco to remain a Passive Holding Company.

(i) No Obligor shall change in any material respect the nature of its business or operations from the types of business and operations carried on by such Obligor on the date hereof.

(ii) Holdco shall not engage in any business or activities other than (A) its ownership of the Equity Interests of the Cdn. Borrower, (B) management of the Cdn. Borrower, (C) the issuance of Equity Interests and the investment of any proceeds therefrom in the Cdn. Borrower, and (D) entering into contracts and incurring other obligations in the ordinary course of business; provided that at no time shall Holdco own any property or assets other than the Equity Interests of the Cdn. Borrower.

(b) Negative Pledge. No Obligor shall create, issue, incur, assume or permit to exist any Security Interests on any of its property, undertakings or assets other than Permitted Encumbrances.

(c) No Restrictions on Pledge. No Obligor shall, directly or indirectly (except pursuant to the Documents):

(i) create or otherwise cause or suffer to exist or become effective any consensual restriction or encumbrance of any kind on the ability of such Obligor to make Distributions on any of its Equity Interests or to pay fees, including management fees, or make other payments to any other Obligor; or

(ii) enter into, assume or become subject to any agreement prohibiting or otherwise restricting the existence of any Security Interest upon any of its property, assets, or undertaking in favor of the Lender, whether now owned or hereafter acquired, except pursuant to agreements in connection with Debt of the type permitted under clause (g) of the definition of Permitted Debt, so long as such prohibition or restriction is limited to the assets financed with such Debt.

(d) Restriction on Amalgamation, etc. No Obligor shall enter into or become party to any transaction (each a "**Reorganization Transaction**") or merger, amalgamation, consolidation, winding-up, plan of arrangement, reorganization or restructuring with any Person or enter into any transaction by way of transfer, liquidation, dissolution, sale, lease, disposition or otherwise whereby all or substantially all of its undertaking, property or assets would become the property of any other Person, or take any corporate, limited liability company, partnership or trust action in pursuance of any of the foregoing; provided that any Obligor may undertake a Reorganization Transaction if such Reorganization Transaction is undertaken pursuant to an (i) Approved Sale or (ii) an Alternative Restructuring Option that is either consented to by the Lender or that would result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement upon the closing of such Reorganization Transaction.

(e) Restriction on Dispositions. Except for Permitted Dispositions, no Obligor shall sell, transfer, exchange, lease, release or otherwise dispose of property or assets, whether in one or a series of transactions. Holdco shall not sell, transfer, exchange, release or otherwise dispose of its Equity

Interests of the Cdn. Borrower. The Cdn. Borrower shall not sell, transfer, exchange, release or otherwise dispose of its Equity Interests of the U.S. Borrower.

(f) Limit on Sale-Leasebacks. No Obligor shall enter into any Sale-Leaseback, synthetic lease or similar transaction involving any of its assets.

(g) Limit on Debt. No Obligor shall have or incur any Debt other than Permitted Debt.

(h) Limit on Investment. No Obligor shall make Investments other than:

(i) Investments consisting of Financial Assistance permitted under Section 8.2(j) below;

(ii) Investments in other Obligors contemplated by the Agreed Budget;

(iii) Investments contemplated by the Agreed Budget.

(i) Limits on Distributions and Payments on account of Subordinated Debt. No Obligor shall make any Distribution, payment of management fees, or payment of principal or interest on account of subordinated debt other than (i) a Distribution that is permitted by a Restructuring Court Order, provided that any such Distribution does not cause a Default or Event of Default, (ii) Distributions that are provided for in the Agreed Budget, and (iii) Distributions to another Obligor in accordance with the Agreed Budget.

(j) Limit on Financial Assistance. No Obligor shall provide any Financial Assistance to or in favour of any Person except for Permitted Financial Assistance.

(k) No Financial Instruments. No Obligor shall enter into or transact any Financial Instruments after the Effective Date.

(l) Cash Management; Accounts. No Obligor shall open or maintain any deposit account or treasury account or enter into any cash management agreement or arrangement with any financial institution other than the Lender, except to the extent required by a final order of the U.S. Court entered in the U.S. Proceedings.

(m) Non-Arm's Length Transactions. No Obligor shall enter into any contract, agreement or transaction whatsoever, including for the sale, purchase, lease or other dealing in any property or the provision of any services, with any Related Party (other than another Obligor) except (i) contracts, agreements, or transactions upon fair and reasonable terms, which terms are not less favourable to such Obligor than it would obtain in an arm's length transaction and, if applicable, for consideration which equals the fair market value of such property or other than at a fair market rental as regards leased property.

(n) No Amalgamation, Merger, etc. Other than the Stalking Horse Bid or another APA entered into in accordance with the Bidding Procedures (as defined in the Stalking Horse Bid), Obligor shall enter into, or agree to enter into, any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise (and whether such transaction is consensual or hostile) except, in the case of any Obligor other than a Borrower, where the successor thereto or transferee thereof is a Borrower or a Guarantor.

(o) Fiscal Periods. No Obligor shall cause any Quarter End to end on a date other than as set out in the definition of Quarter End without the prior written consent of the Lender.

(p) Sanctions and AML Laws and Regulations.

(i) No Obligor shall, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity (A) to fund any activities or business of or with any Designated Person, or in any country or territory, that at the time of such funding is the subject of any sanctions under any Sanctions Laws and Regulations or (B) in any other manner that would result in a violation of any Sanctions Laws and Regulations by any party to this Agreement.

(ii) Each Obligor shall use commercially reasonable efforts to ensure that none of the funds or assets used to pay any amount due pursuant to this Agreement constitute funds derived from any unlawful activity, including without limitation (A) activities in violation of Anti-Money Laundering Laws and Regulations or (B) transactions with or relating to Designated Persons or countries which are the subject of sanctions under any Sanctions Laws and Regulations.

(q) Distribution of Funds Only to Obligors. Except as set out in the Agreed Budget, no Obligor shall permit to occur, any payment or distribution of funds (whether from proceeds of any Loan under the Credit Facility or otherwise) from an Obligor to any Affiliate that is not an Obligor.

(r) Payments Consistent with Agreed Budget. The Obligors shall not make any payment or distribution which is not consistent with the Agreed Budget.

(s) Approved Sale Restriction. Without the prior written consent of the Lender, the Obligors shall not seek any authorization, approval or other order of the Canadian Court or the U.S. Court which will result in, or would reasonably be expected to result in, the authorization, approval or other order of such Canadian Court or U.S. Court of a sale of its assets, business and undertaking other than pursuant to an Approved Sale; *provided* that nothing in this Section 8.2(s) shall, or shall be deemed to, prohibit or restrict an Obligor's fulfillment of any fiduciary duty in accordance with Applicable Law, including pursuant to section 1107 of the Bankruptcy Code.

(t) Payments under Employment Benefit Plans. The Obligors shall not make any payment or distribution in respect of post-employment benefit payments (excluding the KERP and KEIP).

(u) New Subsidiaries. None of the Obligors shall acquire, create or cause to exist any Subsidiary which does not already exist on and as of the date hereof.

8.3 Lender May Perform Covenants

If the Obligors or any of them fail to perform any covenants on their part herein contained, subject to any consents or notice or cure periods required by Section 10.1, the Lender may give notice to the Borrowers of such failure and if such covenant remains unperformed, the Lender may, in its discretion but need not, perform any such covenant capable of being performed by the Lender and if the covenant requires the payment or expenditure of money, the Lender may make such payments or expenditure and all sums so expended shall be forthwith payable by the Borrowers to the Lender and shall bear interest at the applicable interest rate provided in Section 5.6. No such performance, payment or expenditure by the Lender shall be deemed to relieve the Obligors or any of them of any default hereunder or under the other Documents.

ARTICLE 9
SECURITY

9.1 Security

Subject to the Carve-Out, to secure the payment and performance of all amounts from time to time owing by the Obligors to the Lender (including without limitation, all Loans, interest thereon and all fees, legal and other costs, charges and expenses) and all obligations owing by the Obligors to the Lender, in each case, under or pursuant to the Documents and which may arise pursuant to the CCAA Proceedings and the U.S. Proceedings, including any amounts owing under the MasterCard Facilities, as defined in the Pre-Filing Secured Credit Agreement (collectively, the "**Secured Obligations**"), the Borrowers shall, or shall cause:

(a) the Lender Charge to be granted to and in favour of the Lender;

(b) each Guarantor to execute and deliver to the Lender an Obligor Guarantee; and

(c) each Obligor to execute and deliver to the Lender such other security documents, agreements and instruments as the Lender may, acting reasonably, require,

(collectively, the "**Security**"). In addition to and without in any way derogating from the foregoing, the Lender's Account for Payments shall be subject to a priority Security Interest in favour of the Lender, subordinate only to the Permitted Priority Liens set forth in paragraphs (a) and (c) of the definition thereof and the Carve-Out.

9.2 Forms

The Security will be in such form or forms as will be required by the Lender, acting reasonably. Should the Lender determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Lender with the Guarantees and Security Interests and priority to which each is entitled hereunder, the Obligors will forthwith execute and deliver to the Lender, at the Borrowers' expense, such amendments to the Security or provide such new Guarantees or security as the Lender may reasonably request, in a form satisfactory to the Lender, acting reasonably.

9.3 No Merger

The taking of any Security as provided under this Agreement shall not operate by way of merger of any of the obligations of any Obligor under this Agreement or any other agreement evidencing Secured Obligations, or of any Security Interest, Guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Lender shall operate by way of merger or in any way affect the obligations provided for in this Agreement or any other agreement evidencing Secured Obligations. For greater certainty, no judgment recovered by the Lender shall operate by way of merger or in any way affect the obligation of the Borrowers to pay interest at the rates, times and manner as provided in this Agreement or any other agreement evidencing Secured Obligations.

9.4 Permitted Encumbrances and Permitted Debt

None of:

(a) the fact that any person is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Debt;

(b) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or Permitted Debt; or

(c) the fact that the Security Interests created pursuant to the Security are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances;

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Security to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that the Secured Obligations are in any way subordinate or junior in right of payment to any Permitted Debt, it being the intention of the parties that all Security Interests created pursuant to the Security shall at all times, to the maximum extent permitted by applicable law and subject to Permitted Priority Liens and the Carve-Out, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the Secured Obligations will rank in right of payment at all times at least equally with such Permitted Debt.

9.5 Dealing with Security

The Lender may grant extensions of time or other indulgences, take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with the Obligors or any of them and other parties and with security (including without limitation, the Security and each part thereof) as the Lender may see fit, without prejudice to or in any way limiting the liability of the Obligors or any of them under this Agreement or the other Documents or under any of the Security or any other collateral security.

9.6 Effectiveness

The Security and the security created by any other Document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other Document shall be continuing, whether any Loans are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of such Security Interests or before or after or upon the date of execution of any amendments to this Agreement.

9.7 Further Assurances – Security

Each Obligor shall, forthwith and from time to time on the reasonable request of the Lender, grant to the Lender all such further rights and Security Interests necessary or of advantage to the Lender to permit it to operate the assets and business of the Obligors in a liquidation of assets or as a going concern following the occurrence of an Event of Default. In addition, each Obligor shall forthwith and from time to time on the reasonable request of the Lender execute and do or cause to be executed and done all assurances and things which in the opinion of the Lender may be necessary or of advantage to give the Lender the Security Interests and the priority intended hereunder to be created by the Security.

9.8 Release and Discharge of Security

No Obligor shall be discharged from the Security or any part thereof except by a written release and discharge signed by the Lender; provided that (1) to the extent such Security applies to a Permitted Disposition, the Lender shall provide a release or no interest letter in respect of the property and assets subject to such Permitted Disposition, promptly upon the request of the applicable Obligor, or (2) if all of the Secured Obligations have been unconditionally and indefeasibly repaid, paid, satisfied and discharged, as the case may be, in full and the Credit Facility and the Lender's commitment thereunder have been fully cancelled, then the Lender shall cause the Security and its interest therein to be released and discharged at the expense of the Borrowers.

ARTICLE 10
EVENTS OF DEFAULT AND ACCELERATION

10.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an "**Event of Default**") shall constitute a default under this Agreement:

(a) Principal Default: if a Borrower fails to pay the principal of any Loan hereunder when due and payable;

(b) Other Payment Default: if a Borrower fails to pay:

(i) any interest (including, if applicable, default interest) accrued on any Loan; or

(ii) any fees or other amounts not specifically referred to in paragraph (a) above or in this paragraph (b) payable by a Borrower hereunder;

in each case when due and payable, and such default is not remedied within two (2) Banking Days after written notice thereof is given by the Lender to the Borrowers specifying such default and requiring the relevant Borrower to remedy or cure the same;

(c) Certain Covenant Defaults: if any Obligor fails to observe or perform any covenant in Section 8.2 or any negative covenant set forth in any Document;

(d) Breach of Other Covenants: if any Obligor fails to observe or perform any covenant or obligation herein or in any other Document required on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section) and the relevant Obligor shall fail to remedy such default within a period of three (3) Banking Days after the earlier of a Borrower or such Obligor having actual knowledge of such failure and delivery of notice by the Lender to the Borrowers specifying such default and requiring the relevant Obligor to remedy or cure the same;

(e) Incorrect Representations: if any representation or warranty made by any Obligor herein or in any other Document shall prove to have been incorrect or misleading in any material respect on and as of the date made, or if any such representation or warranty is qualified as to "in all material respects", "materiality", "Material Adverse Effect" or similar language, such representation or warranty shall prove to have been incorrect or misleading in any respect on and as of the date made, and, in each case, the facts or circumstances which make such representation or warranty incorrect or misleading are not remedied and the representation or warranty in question remains incorrect or

misleading more than five (5) Banking Days after a Borrower or any such Obligor becomes aware that such representation or warranty was incorrect or misleading in any respect;

(f) Disposition of Assets: if any Obligor shall pass an effective resolution or initiate steps or proceedings (including applications to the Canadian Court and the U.S. Court) without the prior written consent of the Lender for the purpose of authorizing the disposition of all or a material amount of its property, assets and undertakings (except for a disposition in accordance with and as permitted by Section 8.2(e));

(g) Invalid Documents: if any material provision of any Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby;

(h) Adverse Proceedings: (i) if any proceeding, motion or application is commenced or filed by any of the Obligors, or, if commenced by another party, supported or otherwise consented to by any Obligor, seeking the invalidation, subordination or other challenging of the terms of the Credit Facility, the Lender Charge, this Agreement, any other Document or the Initial Order; (ii) the filing of any Plan or application to the Canadian Court or the U.S. Court for approval of an Alternative Restructuring Option or sale of all or substantially all of the assets of the Obligors which does not either (A) have the prior written consent of the Lender or (B) result in the repayment in full in cash of all Indebtedness owing under each of this Agreement and the Pre-Filing Secured Credit Agreement upon the earlier of (x) the closing of such sale or Alternative Restructuring Transaction or upon the effective date of such Plan, and (y) the Maturity Date; or (iii) if any Obligor commences an action or takes any other proceeding to obtain any form of relief against the Lender, or the Pre-Filing Secured Creditor or any Affiliate thereof, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by the Lender, or the Pre-Filing Secured Creditor or any Affiliate thereof to any Obligor or any Affiliate thereof if the Lender, the Pre-Filing Secured Creditor or such Affiliate disputes any of the same;

(i) Restructuring Court Orders: if: (i) any Restructuring Court Order contravenes this Agreement or any other Document so as to materially adversely impact the rights or interests of the Lender, as determined by the Lender, acting reasonably; or (ii) any Obligor breaches or otherwise violates in any way any Restructuring Court Order or (iii) the occurrence of any "Event of Default" as defined in the Interim U.S. DIP Order or the Final U.S. DIP Order;

(j) Court Order: the issuance of an order of the Canadian Court or the U.S. Court (including any Restructuring Court Order) or any other court of competent jurisdiction: (i) dismissing the CCAA Proceedings or U.S. Proceedings, or lifting the stay in the CCAA Proceedings or U.S. Proceedings to permit (A) the enforcement of any Security Interest against an Obligor, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a Receiver or the making of a bankruptcy order against an Obligor; (ii) granting any Security Interest which is senior to or *pari passu* with or senior to the Lender Charge, other than the Carve-Out; (iii) staying, reversing, vacating or otherwise modifying the Documents or any Restructuring Court Order in a manner materially adverse to the interests of the Lender, as determined by the Lender acting reasonably; (iv) materially adversely impacting the rights and interests of the Lender, as determined by the Lender acting reasonably, without the prior written consent of the Lender; (v) directing any Obligor to pay any post-employment benefits (excluding the KERP and KEIP); or (vi) other than the Carve-Out, granting, approving or allowing any administrative expense claim in the U.S. Proceedings, having any priority over, or being *pari passu* with, the superadministrative priority of the Credit Facility Indebtedness;

(k) Prohibited Filings: the filing of any pleading by any Obligor seeking any of the matters set forth in Section 10.1(j) or failure of any Obligor to diligently oppose any Person that brings an application or motion for the relief set out in Section 10.1(j);

(l) Updated Budget Default: if any information in the Updated Budget or Weekly Cashflow Report: (i) contemplates or forecasts an adverse change or changes from the then existing Agreed Budget and such change or changes constitute a Material Adverse Change; or (ii) forecasts that Advances under the Credit Facility will exceed the total authorized amount of the Credit Facility at any time (unless and until the Lender consents to increase the total authorized amount of the Credit Facility, which shall be in the Lender's sole and absolute discretion);

(m) Cash Flow Test: if, after the date of this Agreement, as at the applicable calculation date, a Negative Cash Flow Variance exists, other than a variance solely due to: (i) changes in currency exchange rates, or (ii) the payment of professionals engaged by the Lender.

(n) Material Adverse Change: if there occurs any Material Adverse Change;

(o) Excess Advances: if at any time the Outstanding Principal exceeds the total authorized amount of the Credit Facility, provided that if such excess is a result of exchange rate fluctuations, if such excess is not repaid in accordance with Section 2.11;

(p) Plans and Alternative Restructuring Options: if any Plan is filed with the U.S Court or the Canadian Court for approval or sanctioned or any Alternative Restructuring Option is filed with the U.S Court or the Canadian Court for approval or consummated by any of the Obligors that is not consistent with or contravenes any provision of this Agreement or any other Document;

(q) Prohibited Payments: if except as set out in the Agreed Budget, or except or as otherwise agreed to in writing by the Lender, any Obligor is required by any Governmental Authority to make expenditures or pay damages, fines, claims, costs or expenses to remediate, in respect of any environmental liabilities, and such requirement is not stayed by a Restructuring Court Order;

(r) Permitted Priority Liens: if any Obligor creates, permits to exist or seeks or supports a motion by another party to provide to any third party a Security Interest on the Collateral which is senior to or *pari passu* with the Lender Charge, other than the Permitted Priority Liens;

(s) Change in Name or Location: if any Obligor changes its name, its trade name or its locations of business from those set forth in Schedule 7.1(e) annexed hereto without giving the Lender fifteen (15) days' prior notice thereof;

(t) Amend or Terminate Material Contracts: if any Obligor disclaims, rejects, modifies, alters, amends, replaces, knowingly waives strict and timely performance of any compliance with (including, without limitation waive any default under) any material contract or terminates, cancels or suspends or assigns any material contract (except in accordance with its terms) or any material term, agreement, provision, item, obligation or covenant contained in any material contract, in each case, in any material respects without the consent of the Lender;

(u) Insurance Proceeds: if any Obligor makes any application or use of any insurance proceeds (other than proceeds in respect of business interruption insurance) received by it in respect of any single claim or event which are not used to repair or replace any property which are the subject of such insurance claim until such application has been approved by the Lender in writing;

(v) Milestones: the failure to achieve any one or more of the Milestones at the prescribed times including, for greater certainty, an Event of Default shall occur for the failure by the Obligors to use reasonable best efforts as prescribed by any particular Milestone;

(w) Bankruptcy, Receivership or Insolvency Proceedings: if any Obligor becomes subject to any receivership proceedings or bankruptcy proceedings under the BIA or to any proceeding under chapter 7 or chapter 11 of the Bankruptcy Code or in any United States Bankruptcy Court other than the U.S. Court, or to any other bankruptcy, receivership or insolvency proceedings in any jurisdiction other than Canada, the United States or any State thereof, other than the U.S. Proceedings and CCAA Proceedings; or

(x) ERISA: if (i) Holdco or any Borrower shall engage in any non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Pension Plan; or (ii) any ERISA Event shall occur and, taking together all such events, is reasonably expected to have a Material Adverse Effect.

10.2 Acceleration

If any Event of Default shall occur and for so long as it is continuing, subject to the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable:

(a) the entire principal amount of all Loans then outstanding from the Borrowers and all accrued and unpaid interest thereon; and

(b) all other Secured Obligations outstanding hereunder,

shall, at the option of the Lender, become immediately due and payable (and, concurrently therewith, the Credit Facility and the Lender's commitment hereunder shall be fully and unconditionally cancelled) upon written notice (an "**Acceleration Notice**") to that effect from the Lender to the Borrowers, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are hereby expressly waived by the Borrowers); provided that, upon the occurrence of an Event of Default specified in Section 10.1(j)(i) (an "**Acceleration Event**") all Loans and other Secured Obligations outstanding hereunder shall automatically become due and payable (and, concurrently therewith, the Credit Facility and the Lender's commitment hereunder shall be fully and unconditionally cancelled) subject to any notice requirements set forth in the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable. In such event and if the Borrowers do not immediately pay all such amounts upon receipt of any required notice, the Lender may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against the Borrowers authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Borrowers to the Lender and proceed to exercise any and all rights hereunder and under the other Documents and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

10.3 Termination of Lender's Obligations

The occurrence of a Default or Event of Default shall relieve the Lender of all obligations to provide any further Drawdowns to the Borrowers hereunder for so long as such Default or Event of Default is continuing; provided that the foregoing shall not prevent the Lender from disbursing money requested by the Borrowers and acceptable to the Lender.

10.4 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender hereunder or under any other Document are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any other Document as a result of any other default or breach hereunder or thereunder.

10.5 Application of Payments Following Demand and Acceleration

Subject to the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, except as otherwise agreed to by the Lender in its sole discretion, any sum received by the Lender at any time after delivery of an Acceleration Notice or the occurrence of an Acceleration Event which the Lender is obliged to apply in or towards satisfaction of sums due from the Borrowers hereunder shall be applied by the Lender in accordance with amounts owed to the Lender in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

(a) firstly, in or towards payment of any fees or expenses then due and payable to the Lender hereunder;

(b) secondly, in or towards payment of amounts due and payable to the Lender as and by way of recoverable expenses hereunder;

(c) thirdly, in or towards payment of amounts due and payable to the Lender by way of interest and overdue interest;

(d) fourthly, in or towards repayment to the Lender of the Loans then outstanding hereunder; and

(e) fifthly, in or towards payment of any other amounts not already referred to in this Section 10.5, which are then due and payable by the Borrowers hereunder.

10.6 Remedies

After an Event of Default:

(a) Enforce Security: the Lender may take such actions and commence such proceedings as the Lender in its sole discretion may determine and may enforce or otherwise realize upon any Security, all without any obligation to marshal any Security Interests and without additional notice, presentation, demand or protest, all of which each of the Obligors hereby expressly waives (to the extent such rights may be waived under Applicable Law);

(b) General Remedies: the rights and remedies of the Lender under the Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. The Lender

may, to the extent permitted and not prohibited by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

(i) Specific Performance: the specific performance of any covenant or agreement contained in the Documents;

(ii) Injunction: enjoining a violation of any of the terms of the Documents;

(iii) Assistance: aiding in the exercise of any power granted by the Documents or by law;

(iv) Judgment: obtaining and recovering judgment for any and all amounts due in respect of the Loans or amounts otherwise due hereunder or under the Documents;

(v) Receiver: seeking, by way of an application to the Canadian Court the appointment of a Receiver or similar official and such related proceedings in the U.S. Court as may be required;

(vi) BIA/Chapter 7: seeking to adjudicate the Obligors bankrupt or convert the CCAA Proceedings and the U.S. Proceedings to proceedings under the BIA and/or proceedings under chapter 7 of the Bankruptcy Code;

(vii) Information Officer: seeking to expand the powers of the Information Officer, pursuant to the terms of an order of the Canadian Court satisfactory to the Information Officer, to allow the Information Officer to realize on the Collateral and such ancillary and related relief before the U.S. Court as may be required; or

(viii) Remedies at Law: exercising the powers and rights of a secured party under the *Personal Property Security Act* (British Columbia), the *Uniform Commercial Code* (United States) or any legislation of similar effect and all such other rights and remedies under the Documents, the Restructuring Court Orders and Applicable Law.

10.7 Set-Off

(a) Subject to the Interim U.S. DIP Order and Final U.S. DIP Order, as applicable, in addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of an Event of Default which remains unremedied (whether or not the Loans have been accelerated hereunder), the Lender shall have the right (and is hereby authorized by each of the Obligors) at any time and from time to time to combine all or any of the Obligors' accounts with the Lender and to set-off and to appropriate and to apply any and all deposits (general or special, term or demand) including indebtedness evidenced by certificates of deposit whether matured or unmatured, and any other indebtedness at any time held by any of the Obligors or owing by the Lender to or for the credit or account of any of the Obligors against and towards the satisfaction of any Secured Obligations owing by any of the Obligors, and may do so notwithstanding that the balances of such accounts and the liabilities are expressed in different currencies, and the Lender is hereby authorized to effect any necessary currency conversions at the spot rate of exchange announced by the Bank of Canada for the Banking Day before the day of conversion.

(b) The Lender shall provide advanced written notice to the Borrowers of any such set-off from the Obligors' accounts in accordance with the Interim U.S. DIP Order and the Final U.S. DIP Order, as applicable.

ARTICLE 11
CHANGE OF CIRCUMSTANCES

11.1 Change in Law

(a) If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority or entity in each case after the date hereof (including, without limitation, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and all requests, rules, regulations, guidelines and directives thereunder or issued in connection therewith and all requests, rules, regulations, guidelines and directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority or any United States, Canadian or foreign regulatory authority), in each case regardless of the date enacted, adopted, or issued):

(i) subjects the Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Taxes (other than Taxes on the Lender's overall income), or changes the basis of taxation of payments due to the Lender, or increases any existing Taxes (other than Taxes on the Lender's overall income) on payments of principal, interest or other amounts payable by a Borrower to the Lender under this Agreement;

(ii) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by the Lender, or any acquisition of funds for loans or commitments to fund loans or obligations in respect of undrawn, committed lines of credit;

(iii) imposes on the Lender or requires there to be maintained by the Lender any capital adequacy or additional capital requirements (including, without limitation, a requirement which affects the Lender's allocation of capital resources to its obligations) in respect of any Loan or obligation of the Lender hereunder, or any other condition with respect to this Agreement; or

(iv) directly or indirectly affects the cost to the Lender of making available, funding or maintaining any Loan (other than changes in Taxes on the Lender's overall income) or otherwise imposes on the Lender any other condition or requirement affecting this Agreement or any Loan or any obligation of the Lender hereunder;

and the result of (i), (ii), (iii) or (iv) above, in the sole determination of the Lender acting in good faith, is:

(v) to increase the cost to the Lender of performing its obligations hereunder with respect to any Loan;

(vi) to reduce any amount received or receivable by the Lender hereunder or its effective return hereunder or on its capital in respect of any Loan or the Credit Facility; or

(vii) to cause the Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by the Lender hereunder with respect to any Loan or the Credit Facility;

the Lender shall determine that amount of money which shall compensate the Lender for such increase in cost, payments to be made or reduction in income or return or interest foregone (herein referred to as "**Additional Compensation**"). Upon the Lender having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section, the Lender shall promptly so notify the Borrowers. The Lender shall provide the Borrowers with a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrowers shall pay to the Lender within 10 Banking Days of the giving of such notice the Lender's Additional Compensation. The Lender shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section are then applicable notwithstanding that the Lender has previously been paid any Additional Compensation.

(b) The Lender agrees that it will not claim Additional Compensation from the Borrowers under Section 12.4(a) if it is not claiming similar compensation from its other customers in similar circumstances or in respect of any period greater than twelve months prior to the delivery of notice in respect thereof by the Lender, unless, in the latter case, the adoption, change or other event or circumstance giving rise to the claim for Additional Compensation is retroactive or is retroactive in effect.

11.2 Illegality

If the Lender determines, in good faith, that the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority or entity, now or hereafter makes it unlawful or impossible for the Lender to make, fund or maintain a Loan under the Credit Facility or to give effect to its obligations in respect of such a Loan, the Lender may, by written notice thereof to the Borrowers declare its obligations under this Agreement in respect of such Loan to be terminated whereupon the same shall forthwith terminate, and the relevant Borrower shall, within the time required by such law (or at the end of such longer period as the Lender at its discretion has agreed), prepay the principal of such Loan together with accrued interest, such Additional Compensation as may be applicable with respect to such Loan to the date of such payment and all costs, losses and expenses incurred by the Lender by reason of the liquidation or re deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Loan or any part thereof on other than the last day of the applicable Interest Period. If any such change shall only affect a portion of the Lender's obligations under this Agreement which is, in the opinion of the Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Borrowers hereunder, the Lender shall only declare its obligations under that portion so terminated.

ARTICLE 12
COSTS, EXPENSES AND INDEMNIFICATION

12.1 Costs and Expenses

The Borrowers shall pay promptly upon notice from the Lender all reasonable out-of-pocket costs and expenses of the Lender in connection with the Documents and the establishment of the Credit Facility, including in connection with (a) the preparation, printing, execution and delivery of this

Agreement and the other Documents and (b) the Lender's and any third party's due diligence investigation of the Obligors, in each case whether or not any Drawdown has been made hereunder, and also including, without limitation, the reasonable fees and out-of-pocket costs and expenses of Lender's Counsel with respect thereto and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the other Documents. Except for ordinary expenses of the Lender relating to the day-to-day administration of this Agreement, the Borrowers further agree to pay within 10 days of demand by the Lender all reasonable out-of-pocket costs and expenses in connection with the preparation or review of waivers, consents and amendments pertaining to this Agreement, and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lender under this Agreement and other Documents, including, without limitation, all reasonable out-of-pocket costs and expenses sustained by the Lender as a result of any failure by the Obligors to perform or observe any of their respective obligations hereunder or in connection with any action, suit or proceeding (whether or not an Indemnified Party is a party or subject thereto), together with interest thereon from and after such 10th day if such payment is not made by such time.

12.2 General Indemnity

In addition to any liability of the Borrowers to the Lender under any other provision hereof, the Borrowers shall indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including, without limitation, any expense or cost incurred in the liquidation and re deployment of funds acquired to fund or maintain any portion of a Loan and reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client basis) incurred by the same as a result of or in connection with the Credit Facility or the Documents (including any use of the proceeds of any Loan), including as a result of or in connection with:

(a) any cost or expense incurred by reason of the liquidation or re-deployment in whole or in part of deposits or other funds required by the Lender to fund or maintain any Loan as a result of a Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder;

(b) a Borrower's failure to pay any other amount, including without limitation any interest or fee, due hereunder on its due date after the expiration of any applicable grace or notice periods (subject, however, to the interest obligations of the Borrowers hereunder for overdue amounts);

(c) a Borrower's failure to give any notice required to be given by it to the Lender hereunder;

(d) the failure of a Borrower to make any other payment due hereunder;

(e) any inaccuracy or incompleteness of the Obligors' representations and warranties contained in Article 7;

(f) any failure of the Obligors to observe or fulfil their obligations under Article 8;

(g) any failure of the Obligors to observe or fulfil any other obligation not specifically referred to above; or

(h) the occurrence of any Default or Event of Default in respect of any Obligor,

provided that this Section shall not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or willful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section shall survive repayment of the Secured Obligations.

12.3 Environmental Indemnity

The Borrowers shall indemnify and hold harmless the Indemnified Parties forthwith on demand by the Lender from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, penalties, obligations, judgments, charges, expenses and disbursements (including without limitation, all reasonable legal fees and disbursements on a solicitor and his own client basis) of any nature whatsoever, suffered or incurred by the Indemnified Parties or any of them in connection with the Credit Facility, whether as beneficiaries under the Documents, as successors in interest of the Obligors, or voluntary transfer in lieu of foreclosure, or otherwise howsoever, with respect to any Environmental Claims relating to the property of the Obligors arising under any Environmental Laws as a result of the past, present or future operations of the Obligors (or any predecessor in interest thereto) relating to the property of the Obligors, or the past, present or future condition of any part of the property of the Obligors owned, operated or leased by the Obligors (or any such predecessor in interest), including any liabilities arising as a result of any indemnity covering Environmental Claims given to any Person by the Lender or a receiver, receiver manager or similar Person appointed hereunder or under applicable law (collectively, the "**Indemnified Third Party**"); but excluding any Environmental Claims or liabilities relating thereto to the extent that such Environmental Claims or liabilities arise by reason of the gross negligence or willful misconduct of the Indemnified Party or the Indemnified Third Party claiming indemnity hereunder. The provisions of this Section shall survive the repayment of the Secured Obligations.

12.4 Judgment Currency

(a) If for the purpose of obtaining or enforcing judgment against the Obligors or any of them in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section referred to as the "**Judgment Currency**") an amount due in Canadian Dollars under this Agreement, the conversion shall be made at the rate of exchange prevailing on the Banking Day immediately preceding:

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that will give effect to such conversion being made on such date; or

(ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section being hereinafter in this Section referred to as the "**Judgment Conversion Date**").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 12.4(a)(ii), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the relevant Obligors shall pay such additional amount (if any) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Canadian Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(c) Any amount due from the Obligors under the provisions of Section 12.4(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement.

(d) The term "rate of exchange" in this Section 12.4 means the rate of exchange for Canadian interbank transactions in Canadian Dollars in the Judgment Currency published by the Bank of Canada for

the day in question, or if such rate is not so published by the Bank of Canada, such term shall mean the rate of exchange determined by the Lender, acting reasonably.

12.5 Waiver of Consequential Damages, Etc.

To the fullest extent permitted by applicable law, the Obligors shall not assert, and each of the Obligors hereby waives, any claim against the Lender, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan advanced hereunder, or the use of the proceeds thereof. The Lender shall not be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Documents or the transactions contemplated hereby or thereby.

ARTICLE 13
INTERPRETATION; GENERAL

13.1 Survival of Undertakings

All covenants, undertakings, agreements, representations and warranties made pursuant to this Agreement survive the execution and delivery of this Agreement and continue in full force and effect until the full payment and satisfaction of all obligations of the Borrowers incurred pursuant to the Documents and the termination of this Agreement.

13.2 Failure to Act

No failure, omission or delay on the part of the Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

13.3 Exchange and Confidentiality of Information

(a) The Obligors agree that the Lender may provide any assignee or participant or any *bona fide* prospective assignee or participant pursuant to Section 13.6 with any information concerning the financial condition of the Obligors provided such party agrees in writing with the Lender for the benefit of the Obligors to be bound by a like duty of confidentiality to that contained in this Section.

(b) The Lender acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to them by the Obligors pursuant hereto (the "**Information**") and agrees to use all reasonable efforts to prevent the disclosure thereof; provided that:

(i) the Lender may disclose all or any part of the Information if, in their reasonable opinion, such disclosure is required in connection with any actual or threatened judicial, administrative or governmental proceedings including, without limitation, proceedings initiated under or in respect of this Agreement;

(ii) the Lender shall incur no liability in respect of any Information required to be disclosed by any applicable law or regulation, or by applicable order, policy or directive having the force of law, to the extent of such requirement;

(iii) the Lender may provide Lender's Counsel and their other agents and professional advisors with any Information; provided that such Persons shall be under a like duty of confidentiality to that contained in this Section;

(iv) the Lender may provide its Affiliates (including BMO Financial Group business groups) and subsidiaries for the purpose of assisting the Lender in supporting the Obligors' strategic plans;

(v) the Lender shall incur no liability in respect of any Information: (i) which is or becomes readily available to the public (other than by a breach hereof) or which has been made readily available to the public by the Obligors, (ii) which the Lender can show was, prior to receipt thereof from the Obligors, lawfully in the Lender's possession and not then subject to any obligation on its part to the Obligors to maintain confidentiality, or (iii) which the Lender received from a third party who was not, to the knowledge of the Lender, under a duty of confidentiality to the Obligors at the time the information was so received;

(vi) the Lender may disclose the Information to other financial institutions and other Persons in connection with the assignment by the Lender of the Credit Facility and the Loans (or any portion thereof) or the granting by the Lender of a participation in the Credit Facility and the Loans where such financial institution or other Person agrees to be under a like duty of confidentiality to that contained in this Section; and

(vii) the Lender may disclose all or any part of the Information so as to enable the Lender to initiate any lawsuit against the Obligors or any of them or to defend any lawsuit commenced by the Obligors or any of them the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defense of such lawsuit.

13.4 Notices

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by facsimile transmission or other electronic means of communication addressed to the respective parties as follows:

To the Obligors or any of them:

c/o SLP Holdings Ltd.
2176 Government Street
Penticton, BC Canada V2A 8B5

Attention: Shawn Turkington
Email: **sturkington@structurlam.com**

To the Lender:

Bank of Montreal
595 Burrard Street, 6th Floor
P.O. Box 49500
Vancouver, BC Canada V7X 1L7

Attention: Shane Klein / Sandy Hayer
E-mail: **shane.klein@bmo.com / sandy.hayer@bmo.com**

or to such other address or facsimile number as any party may from time to time notify the others in accordance with this Section. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Local Time) on the first Banking Day following actual delivery or transmittal, as the case may be.

13.5 Governing Law; Jurisdiction

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrowers may be found.

(b) Submission. The Borrowers and the Lender agree that the U.S. Court has jurisdiction to settle any disputes in connection with the Documents and accordingly the Borrowers and the Lender each submits to the non-exclusive jurisdiction of the U.S. Court.

(c) Forum Convenience and Enforcement Abroad. Each Borrower:

(i) waives objection to the U.S. Court on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Document; and

(ii) agrees that a judgment or order of the U.S. Court in connection with a Document is conclusive and binding on it (subject to any rights of appeal in respect thereof) and may be enforced against it in the courts of any other jurisdiction.

(d) Non-exclusivity. Nothing in this Section 13.5 limits the right of the Lender to bring proceedings against the Borrowers in connection with any Document:

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction.

13.6 Benefit of this Agreement; Assignment; Participations

(a) This Agreement shall enure to the benefit of and be binding upon the Obligors, the Lender and their respective successors and permitted assigns.

(b) The Lender may, without consent during the continuance of an Event of Default and at all other times with the prior written consent of the Borrowers, which consent shall not be unreasonably withheld or delayed, sell, assign, transfer or grant an interest in the Credit Facility, the Loans and its rights under this Agreement and the other Documents; provided that (a) any such sale, assignment, transfer or grant of interest shall be in a minimum principal amount of $1,000,000 and (b) the purchaser, assignee, transferee, or grantee of such interest shall thereafter hold a minimum principal amount of $1,000,000 of the Credit Facility. Notwithstanding the preceding sentence, the Lender may, at any time, without the prior written consent of the Borrowers, sell, assign, transfer or grant an interest in the Credit Facility, the Loans and its rights under this Agreement and the other Documents to an Affiliate of the Lender or an Approved Fund. Upon any such sale, assignment, transfer or grant, the Lender shall have no further obligation hereunder with respect to such interest. The Obligors shall not assign their rights or obligations hereunder without the prior written consent of the Lender.

(c) The Lender may, without the consent of the Borrowers, grant one or more participations in the Loans to other Persons; provided that the granting of such a participation: (a) shall be at the Lender's own cost and (b) shall not affect the obligations of the Lender hereunder nor shall it increase the costs to the Borrowers hereunder or under any of the other Documents.

13.7 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.8 Whole Agreement; Amendments and Waivers

(a) This Agreement and the other Documents constitute the whole and entire agreement between the parties hereto regarding the subject matter hereof and thereof and cancel and supersede any prior agreements, undertakings, declarations, commitments, representations, written or oral, in respect thereof.

(b) Any provision of this Agreement may be amended only if the Borrowers and the Lender so agree in writing and may be waived only if the Lender agrees in writing. Any such waiver and any consent by the Lender under any provision of this Agreement must be in writing and may be given subject to any conditions thought fit by Lender. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

13.9 Further Assurances

The Obligors and the Lender shall promptly cure any default by it in the execution and delivery of this Agreement, the other Documents or any of this Agreements provided for hereunder to which it is a party. Each Obligor, at the expense of the Borrowers, shall promptly execute and deliver to the Lender, upon request by the Lender (acting reasonably), all such other and further deeds, agreements, opinions, certificates, instruments, affidavits, registration materials and other documents reasonably necessary for such Obligor's compliance with, or accomplishment of the covenants and agreements of the Obligors

hereunder or more fully to state the obligations of the Obligors as set out herein or to make any registration, recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

13.10 Time of the Essence

Time shall be of the essence of this Agreement.

13.11 Agreement Governs

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the other Documents, the provisions of this Agreement, to the extent of the conflict or inconsistency, shall govern and prevail.

13.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

13.13 Resolving Discrepancies with Court Orders

In the event of any discrepancy between the terms of this Agreement and the terms of any order of the U.S. Court or the Canadian Court, such discrepancy shall be resolved in favour of the order of the U.S. Court.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first written above.

BANK OF MONTREAL

By: _____
Name: Sandy Hayer
Title: Director, SAMU National Accounts

By: _____
Name: Shane Klein
Title: Managing Director

BORROWERS:

STRUCTURLAM MASS TIMBER CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have authority to bind the corporation.

STRUCTURLAM MASS TIMBER U.S., INC.

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have authority to bind the corporation.

GUARANTORS:

SLP HOLDINGS LTD.

By: _____
Name: Shaun Cunningham
Title: CFO

By: _____
Name:
Title:
I/We have authority to bind the corporation.

NATURAL OUTCOMES, LLC

By: _____
Name:
Title:

By: _____
Name:
Title:
I/We have authority to bind the corporation.

DocuSign Envelope ID: 55B20990-B468-465E-930B-B2D58B6567AF
DocuSign Envelope ID: FC7EF2B3-0124-4296-86A5-7076B2E5D206

GUARANTORS:

SLP HOLDINGS LTD.

By: DocuSigned by: Shawn Turkington
CF7CE21C10E34E3...
Name: Shawn Turkington
Title: Interim CFO

By: _____
Name:
Title:

I/We have authority to bind the corporation.

NATURAL OUTCOMES, LLC

By: _____
Name: Nathan Waters
Title: Manager

By: _____
Name:
Title:

I/We have authority to bind the corporation.

Schedule 7.1(e)

Location of Property

1. 1675 Maple Street, Okanagan Falls, B.C., legally described as PID: 029-219-931 Lot 1 District Lot 551 SDYD Plan EPP34540.

2. Units 104, 105a and 105b – 310 Coop Avenue, Oliver, B.C., legally described as PID: 008-367-302 Plan KAP17726.

3. 1716 Wallis Road, Okanagan Falls, B.C., legally described as PID: 006-913-318, Lot B District Lots 551 and 10 Similkameen Division Yale District Plan 22388.

4. 2176 Government Street, Penticton, B.C., legally described as PID: 007-860-811 Lot 6 District Lots 251 and 3429S Similkameen Division Yale District Plan 11264 Except Plan KAP70095

5. 1800 Sturgis Road, Conway, AR 72034

Schedule 7.1(p)

Applicable Laws, Court Orders and Material Agreements

Intentionally left blank

Schedule 7.1(y)

Subsidiaries

- Structurlam Mass Timber Corporation (Canadian corporation)

- Structurlam Mass Timber U.S., Inc. (Delaware corporation)

- Natural Outcomes, LLC (Delaware limited liability corporation)

Schedule 7.1(cc)

Transactions with Related Parties

1. Management Agreement between dated December 22, 2017 between SLP Operations Ltd. (now SMTC) and Kingfish Capital Partners, LLC

2. Letter Agreement dated December 20, 2017 between KF Arc Holding GP, LLC and SLP Operations Ltd.

SCHEDULE A

DRAWDOWN NOTICE

TO: Bank of Montreal (the "**Lender**")
[•]

Attention:
E-mail:
Facsimile:

DATE: _____

1. This Drawdown Notice is delivered to you pursuant to the terms and conditions of the senior secured superpriority DIP financing credit agreement made as of April ___, 2023 between Structurlam Mass Timber Corporation (the "**Canadian Borrower**") and Structurlam Mass Timber U.S., Inc. (the "**US Borrower**"), as borrowers (collectively and each individually, the "**Borrower**"), and the Lender and relating to the establishment of a certain credit facility in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Drawdown Notice shall have the respective meanings set forth in the Credit Agreement.

2. The **[US Borrower/Canadian Borrower]** hereby requests a Drawdown as follows:

   (a) Drawdown Date: _____

   (b) Amount and Currency of Drawdown: _____

   (c) Payment, delivery or issuance instructions (if any): _____

   _____

3. The [US Borrower/Canadian Borrower] hereby confirms, represents and warrants that:

   (a) no event has occurred or is continuing which would constitute a Default or Event of Default, except as has heretofore been notified to the Lender by the Obligors in writing **[or except as described in Schedule • hereto]**; and

   (b) the representations and warranties made by the Borrower in Section 7.1 of the Credit Agreement are true and accurate in all respects as at the date hereof, except as has heretofore been notified to the Lender by the Obligors in writing **[or except as described in Schedule • hereto]**.

[The remainder of this page has been intentionally left blank.]

Yours very truly,

[STRUCTURLAM MASS TIMBER CORPORATION / STRUCTURLAM MASS TIMBER U.S., INC.]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE B

REPAYMENT NOTICE

TO: Bank of Montreal (the "**Lender**")
[•]

Attention:
E-mail:
Facsimile:

DATE: _____

1. This Repayment Notice is delivered to you pursuant to the terms and conditions of the senior secured superpriority DIP financing credit agreement made as of April ___, 2023 between Structurlam Mass Timber Corporation (the "**Canadian Borrower**") and Structurlam Mass Timber U.S., Inc. (the "**US Borrower**"), as borrowers (collectively and each individually, the "**Borrower**"), and the Lender and relating to the establishment of a certain credit facility in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Repayment Notice shall have the respective meanings set forth in the Credit Agreement.

2. The **[US Borrower/Canadian Borrower]** hereby gives notice of a repayment as follows:

   (a) Date of repayment: _____

   (b) Loan(s): _____

   _____

   (c) Amount(s) and Currency(ies) being repaid: _____

[The remainder of this page has been intentionally left blank.]

Yours very truly,

[STRUCTURLAM MASS TIMBER CORPORATION / STRUCTURLAM MASS TIMBER U.S., INC.]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE C

AGREED BUDGET

Structurlam et al. - Combined
Chapter 11 Cash Flow Forecast[1] - Prepared by Management
For the period ending July 21, 2023
CA$'000

Week ending	Notes	Forecast 28-Apr-23	Forecast 05-May-23	Forecast 12-May-23	Forecast 19-May-23	Forecast 26-May-23	Forecast 02-Jun-23	Forecast 09-Jun-23	Forecast 16-Jun-23	Forecast 23-Jun-23	Forecast 30-Jun-23	Forecast 07-Jul-23	Forecast 14-Jul-23	Forecast 21-Jul-23	Total
Receipts															
Operating receipts	3	$ 929	$ 1,939	$ 234	$ 2,655	$ 1,426	$ 602	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,785
DIP Facility	4	1,500	500	2,000	-	-	3,500	-	-	-	-	-	-	-	7,500
Total Receipts		**2,429**	**2,439**	**2,234**	**2,655**	**1,426**	**4,102**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,285**
Disbursements															
Materials	5	584	317	317	317	117	117	-	-	-	-	-	-	-	1,767
Payroll, benefits and payroll taxes	6	496	444	433	372	151	728	-	-	-	-	-	-	-	2,624
Manufacturing and other overhead	7	357	427	427	397	397	632	-	-	-	-	-	-	-	2,636
Insurance	8	613	-	-	-	-	-	-	-	-	-	-	-	-	613
Rent and Utilities	9	155	-	30	-	-	155	-	-	30	-	-	-	-	370
Sales taxes	10	-	-	-	-	-	-	-	-	125	-	-	-	-	125
Bank interest and fees	11	-	610	-	-	-	610	-	-	-	-	-	-	-	1,220
DIP Facility interest and fees	12	263	12	-	-	-	140	-	-	-	-	-	-	-	414
Sales advisor fees	13	-	-	101	-	-	-	-	-	-	-	-	-	-	101
Professional fees - debtor	14	-	-	1,178	-	-	1,053	-	-	592	-	-	455	-	3,278
Professional fees - other	14	-	-	520	-	-	452	-	-	410	-	-	142	-	1,523
Key employee payments	15	-	-	-	-	-	-	926	-	-	-	-	-	-	926
Contingency		25	25	25	25	25	25	-	-	-	-	-	-	-	150
Total Disbursements		2,492	1,835	3,031	1,110	690	3,911	926	-	1,156	-	-	597	-	15,748
Net Cash Flow		**(63)**	**604**	**(797)**	**1,545**	**736**	**191**	**(926)**	**-**	**(1,156)**	**-**	**-**	**(597)**	**-**	**(463)**
Cash Position															
Opening Cash Position	2	493	430	1,034	237	1,782	2,518	2,709	1,783	1,783	627	627	627	30	493
Closing Cash Position		**$ 430**	**$ 1,034**	**$ 237**	**$ 1,782**	**$ 2,518**	**$ 2,709**	**$ 1,783**	**$ 1,783**	**$ 627**	**$ 627**	**$ 627**	**$ 30**	**$ 30**	**$ 30**
Interim Financing															
Opening		-	1,500	2,000	4,000	4,000	4,000	-	-	-	-	-	-	-	-
Draws		1,500	500	2,000	-	-	3,500	-	-	-	-	-	-	-	7,500
Planned repayment from sale proceeds		-	-	-	-	-	(7,500)	-	-	-	-	-	-	-	(7,500)
Ending Interim Financing		**$ 1,500**	**$ 2,000**	**$ 4,000**	**$ 4,000**	**$ 4,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

SLP Holdings Ltd., Structurlam Mass Timber Corporation, Structurlam Mass Timber U.S., Inc. and Natural Outcomes, LLC (together "Structurlam" or the "Company")
Cash Flow Forecast
Notes and Assumptions

1. The cash flow statement (the "Cash Flow Forecast") has been prepared by management ("Management") of Structurlam to set out the liquidity requirements of the Company during the bankruptcy proceedings under chapter 11 of the United States Bankruptcy Code (the "Chapter 11 Proceedings").

   The Cash Flow Forecast is presented on a weekly basis from April 22 to July 21, 2023 (the "Period") and represents Management's best estimate of the expected results of operations during the Period. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the Chapter 11 Proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

   The Cash Flow Forecast is presented in thousands of Canadian dollars and amounts denominated in US currency have been converted into Canadian dollars at an exchange rate of C$1:US$.741 throughout the period.

2. The opening cash position as presented in the Cash Flow Forecast includes the Company's actual cash availability as of the first day of the Cash Flow Forecast.

3. Operating receipts represents Management's current estimate of the timing for collections of accounts receivables, collections from projects to be invoiced during the Period, and deposits anticipated for future deliveries.

4. The Cash Flow Forecast assumes that the Company will have access to a debtor-in-possession loan ("DIP Facility") of up to $7.5 million from Bank of Montreal ("BMO") upon the Chapter 11 filing.

5. Materials includes lumber, glue supplies, hardware, and steel purchases to meet production during the Period.

6. Payroll, benefits and payroll taxes, includes bi-weekly salaried and hourly employees, group benefits, union dues, workers' compensation premiums and the BC Employer Health Tax.

7. Manufacturing and overhead includes engineering and detail, manufacturing production and outsourcing costs, freight, maintenance, marketing and advertising, IT equipment and software, office and safety supplies, and other operating expenses incurred during the Period.

8. Insurance includes a two-month extension of the current policies, including the property, general liability, professional, manufacturing, and cyber liability policies.

9. Rent and utilities includes rental payments for the leased Canadian head office and manufacturing facilities including Penticton, BC, Okanagan Falls, BC and Oliver, BC, and utilities for all locations during the Period.

10. Sales taxes includes normal course payments in respect of value-add tax and other taxes incurred in Canada and the US.

11. Bank interest and fees represents ongoing BMO interest costs.

12. DIP Facility interest and fees includes the initial financing costs, exit costs and ongoing interest payments in respect of the interim financing.

13. Sales advisor fees represents the estimate of monthly work fees payable to Stifel, Nicolaus & Company, Incorporated and Miller Buckfire & Co., LLC in their capacity as investment banker.

14. Restructuring professional fees have been forecast based on projected costs of professional services firms relating to the Chapter 11 Proceedings and include the Company's legal counsel, the financial advisor, the US Trustee, the claims agent, BMO's financial advisor and legal counsel, and the Information Officer to be appointed pursuant to Part IV of the *Companies' Creditors Arrangement Act* proceedings and its legal counsel.

15. Key employee payments represent payments to employees for select retention and incentive programs.

SCHEDULE D

FORM OF INITIAL ORDER

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND
IN THE MATTER OF
SLP HOLDINGS LTD.
STRUCTURLAM MASS TIMBER CORPORATION
STRUCTURLAM MASS TIMBER U.S., INC.
NATURAL OUTCOMES, LLC,

APPLICATION OF SLP HOLDINGS LTD. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

ORDER MADE AFTER APPLICATION

(FOREIGN PROCEEDING - INITIAL RECOGNITION)

BEFORE THE HONOURABLE	)	
	)	19/04/2023
	)	

THE PETITION of SLP Holdings Ltd., in its capacity as the foreign representative (the "**Foreign Representative**") in respect of the proceedings (the "**Foreign Proceedings**") of SLP Holdings Ltd, Structurlam Mass Timber Corporation, Structurlam Mass Timber U.S., Inc. and Natural Outcomes, LLC (collectively, the "**Debtors**") commenced in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**") under docket numbers **[Insert docket numbers]** respectively, pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), coming on for hearing at Vancouver, British Columbia, on the 19th day of April, 2023, AND UPON HEARING Jonathan B. Ross, counsel for the Foreign Representative and the Debtors and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the affidavit of Matthew Karmel sworn April XX, 2023, the preliminary report of Alvarez & Marsal Canada Inc., in its capacity as proposed information officer (the "**Proposed Information Officer**"), dated April

XX, 2023, each filed, and upon being provided with copies of the documents required by s.46 of the CCAA;

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order is being sought;

AND UPON HEARING the submissions of counsel for the Foreign Representative, [counsel for the Proposed Information Officer, counsel for the Pre-Petition Secured Lender and the DIP Lender] and counsel for [OTHER PARTIES], and upon being advised that no other persons were served with the Petition;

THIS COURT ORDERS AND DECLARES that:

SERVICE

1. The time for service of the petition for this Order is hereby abridged and deemed good and sufficient and is this application is properly returnable today.

FOREIGN REPRESENTATIVE

2. The Foreign Representative is the "foreign representative" of the Debtors, as defined in subsection 45(1) of the CCAA, in respect of the Foreign Proceedings.

RECOGNITION OF FOREIGN PROCEEDING

3. The Foreign Proceedings are each a "foreign proceeding" as defined in section 45(1) of the CCAA.

4. The centre of main interest for each of SLP Holdings Ltd. and Structurlam Mass Timber Corporation (the "**Canadian Debtors**") is Canada and the Foreign Proceedings in respect of the Canadian Debtors are recognized as "foreign non-main proceedings" as defined in section 45 of the CCAA. The centre of main interest for each of Structurlam Mass Timber U.S., Inc. and Natural Outcomes, LLC (the "**U.S. Debtors**") is the United States of America and the Foreign Proceedings in respect of the U.S. Debtors are "foreign main proceedings" as defined in section 45 of the CCAA.

STAY OF PROCEEDINGS

5. Until otherwise ordered by this Court:

   a. all proceedings taken or that might be taken against any of the Debtors under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are hereby stayed;

b. further proceedings in any action, suit or proceeding against any of the Debtors are hereby restrained; and

c. the commencement of any action, suit or proceeding against any of the Debtors is hereby prohibited.

NO SALE OF PROPERTY

6. Except with leave of this Court, each of the Debtors is hereby prohibited from selling or otherwise disposing of:

   a. outside the ordinary course of its business, any of its property in Canada that relates to the business; and

   b. any of its other property in Canada.

GENERAL

7. As soon as practicable, the Foreign Representative shall cause a notice substantially in the form attached to this Order as **Schedule "B"** to be published once a week for two consecutive weeks in the Vancouver Sun.

8. Any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the Debtors, the Foreign Representative, the Information Officer and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the Debtors and the Foreign Representative and their respective counsel and agents in carrying out the terms of this Order.

   This Order and all of its provisions shall be effective as of 12:01 a.m. local Vancouver time on the date of this Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

_____

Signature of Lawyer for the Foreign Representative

Lawyer: Jonathan B. Ross

BY THE COURT

_____

REGISTRAR

SCHEDULE "A"

Counsel

Name	Acting for
Colin Brousson	**Alvarez & Marsal (Proposed Information Officer)**
Kelly J. Bourassa and Christopher Keliher	**Bank of Montreal (Pre-Petition Secured Creditor and DIP Lender)**

SCHEDULE "B"

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND
IN THE MATTER OF
SLP HOLDINGS LTD.
STRUCTURLAM MASS TIMBER CORPORATION
STRUCTURLAM MASS TIMBER U.S., INC.
NATURAL OUTCOMES, LLC

NOTICE OF INITIAL RECOGNITION ORDER

[NTD: I believe these ads are by size. Is this level of detail required?] [Under consideration]

PLEASE BE ADVISED that this Notice is being published pursuant to an order of the Supreme Court of British Columbia (the "**Canadian Court**"), granted on April 19, 2023 (the "**Initial Recognition Order**").

TAKE NOTICE that on April [18], 2023, SLP Holdings Ltd. ("**SLP**"), Structurlam Mass Timber Corporation, Structurlam Mass Timber U.S., Inc. and Natural Outcomes, LLC (together, the "**Debtors**") filed voluntary petitions for relief under Chapter 11, title 11 of the United States Code (the "**Chapter 11 Proceeding**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**"). In connection with the Chapter 11 Proceeding, SLP has been appointed as the foreign representative of the estates of the Debtors (the "**Foreign Representative**"). The Foreign Representative's address is care of Gowling WLG (Canada) LLP Suite 2300, 550 Burrard Street, Vancouver, BC V6C 2B5.

AND TAKE NOTICE that the Initial Recognition Order and the supplemental order granted by the Canadian Court on April 19, 2023 (together with the Initial Recognition Order, the "**Recognition Orders**"), which were both issued by the Canadian Court under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA Recognition Proceeding**"), among other things:

(i) ordered that the Chapter 11 Proceeding is recognized as a foreign proceeding;

(ii) granted a stay of proceedings against the Debtors and their former, current and future directors and officers;

(iii) recognized certain orders granted by the U.S. Bankruptcy Court in the Chapter 11 Proceeding; and

(iv) appointed Alvarez & Marsal Canada Inc. as the information officer (in such capacity, the "**Information Officer**") with respect to the CCAA Recognition Proceeding.

AND TAKE NOTICE that motions, orders and notices filed with the U.S. Bankruptcy Court in the Chapter 11 Proceeding are available at NTD website and that the Recognition Orders and any other orders that may be granted by the Canadian Court in the CCAA Recognition Proceeding are available at NTD website.

AND TAKE NOTICE that counsel for the Foreign Representative is:

Gowling WLG (Canada) LLP

550 Burrard Street, Suite 2300, Bentall 5, Vancouver, BC V6C 2B5

Attention: Jonathan Ross / Cyndi Laval

Email: jonathan.ross@ca.gowlingwlg.com

FINALLY TAKE NOTICE that if you wish to receive copies of the Recognition Orders or obtain further information in respect of the matters set forth in this Notice, you may contact the Information Officer:

Alvarez & Marsal Canada Inc.

925 W Georgia St, Suite 902, Vancouver, BC V6C 3L2

Attention: Anthony Tillman / Pinky Law

Email: atillman@alvarezandmarsal.com / pinky.law@alvarezandmarsal.com

DATED AT VANCOUVER, BRITISH COLUMBIA this [•]th day of April, 2023.

SLP HOLDINGS LTD.

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND
IN THE MATTER OF
SLP HOLDINGS LTD.
STRUCTURLAM MASS TIMBER CORPORATION
STRUCTURLAM MASS TIMBER U.S., INC.
NATURAL OUTCOMES, LLC

APPLICATION OF SLP HOLDINGS LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

ORDER MADE AFTER APPLICATION

(SUPPLEMENTAL RECOGNITION ORDER IN FOREIGN PROCEEDING)

BEFORE THE HONOURABLE)
[redacted]) 19/04/2023
)

THE APPLICATION of SLP Holdings Ltd., in its capacity as the foreign representative (the "**Foreign Representative**") of the SLP Holdings Ltd., Structurlam Mass Timber Corporation, Structurlam Mass Timber U.S., Inc. and Natural Outcomes, LLC (collectively, the "**Debtors**") in respect of the proceedings (the "**Foreign Proceedings**") commenced in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**") under docket numbers **[Insert docket numbers]** respectively, for an Order pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), coming on for hearing at Vancouver, British Columbia, on the 19th day of April, 2023; AND UPON hearing Jonathan B. Ross, counsel for the Foreign Representative and the Debtors, and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the affidavit of Matthew Karmel sworn April XX, 2023, the preliminary report of Alvarez & Marsal Canada Inc., in its capacity as proposed information officer (the "Proposed Information Officer"), dated April XX, 2023, and the consent of the Proposed Information Officer to act as the information officer, each filed;

AND UPON HEARING the submissions of counsel for the Foreign Representative, [counsel for the Proposed Information Officer, counsel to the Pre-Petition Secured Lender and the DIP Lender] and counsel for [OTHER PARTIES];

THIS COURT ORDERS AND DECLARES that:

SERVICE

1. The time for service of the petition for this Order is hereby abridged and deemed good and sufficient and is this application is properly returnable today.

INITIAL RECOGNITION ORDER

2. Any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Order Made After Application (Foreign Main Proceeding) dated April 19, 2023 (the "**Recognition Order**").

3. The provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Recognition Order, the Recognition Order shall govern.

RECOGNITION OF FOREIGN ORDERS

4. The following orders (collectively, the "**Foreign Orders**") of the U.S. Bankruptcy Court made in the Foreign Proceedings, are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA, provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada **[NTD all of the following to be updated once First Day Orders are settled**:

    a. order dated April 18, pursuant to [add rule/legislation cited] for Joint Administration, a copy of which is attached hereto as **Schedule "B"**;

    b. order dated April 18, pursuant to [add rule/legislation cited] for Interim DIP Financing, a copy of which is attached hereto as **Schedule "C"** (the "**DIP Financing Order**");

    c. order dated April 18, pursuant to [add rule/legislation cited] for Interim Cash Management, a copy of which is attached hereto as **Schedule "D"**;

d. order dated April 18, pursuant to [add rule/legislation cited] for Interim Wages and Benefits, a copy of which is attached hereto as **Schedule "E"**;

e. order dated April 18, pursuant to [add rule/legislation cited] for Interim Taxes, a copy of which is attached hereto as **Schedule "F"**;

f. order dated April 18, pursuant to [add rule/legislation cited] for Interim Utilities, a copy of which is attached hereto as **Schedule "G"**;

g. order dated April 18, pursuant to [add rule/legislation cited] for Interim Insurance, , a copy of which is attached hereto as **Schedule "H"**;

h. order dated April 18, pursuant to [add rule/legislation cited] for Consolidated Creditor Matrix, a copy of which is attached hereto as **Schedule "I"**;

i. order dated April 18, pursuant to [add rule/legislation cited] for Claims Agent Retention, a copy of which is attached hereto as **Schedule "J"**;

j. order dated April [18] pursuant to [add rule/legislation cited] for Appointment of Foreign Representative, a copy of which is attached hereto as **Schedule "K"**;

k. NTD

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

5. Until [such date as this court may order] (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal in Canada (each, a "**Proceeding**") against or in respect of any of the Debtors, or affecting the Debtors' business (the "**Business**") or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), shall be commenced or continued except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

6. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court.

7. Nothing in this Order, including paragraphs [5] and [6], shall: (i) prevent the assertion or the exercise of rights and remedies outside of Canada; (ii) empower any of the Debtors to carry on any business which that Debtor is not lawfully entitled to carry on; (iii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iv) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest; or (v) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the applicable Debtor(s).

NO INTERFERENCE WITH RIGHTS

8. During the Stay Period, 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 any of the Debtors and affecting the Business in Canada, except with leave of this Court.

CONTINUATION OF SERVICES

9. During the Stay Period, all Persons having oral or written agreements with the Debtors or mandates under an enactment for the supply of goods and/or services in Canada, 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 Business or 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 Debtors, and that the Debtors shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Debtors 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 Debtors, or as may be ordered by this Court.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

10. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

obligations. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a former, current or future director or officer of any of the Debtors that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

APPOINTMENT OF INFORMATION OFFICER

11. Alvarez & Marsal Canada Inc. (the "**Information Officer**") is hereby appointed as an officer of this Court with the powers and duties set out herein.

12. The Information Officer:

    a. is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

    b. shall report to this Court at least once every 2 months with respect to the status of these proceedings and the status of the Foreign Proceeding, which reports may include information relating to the Property, the Business or other matters relevant to the within proceedings and any stakeholders in Canada;

    c. in addition to the periodic reports referred to in paragraph [12(b)], above, may report to this Court at such other times and intervals and with respect to such matters as the Information Officer, in its discretion, deems appropriate;

    d. shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent necessary to enable the Information Officer to perform its duties arising under this Order; and

    e. shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its duties under this Order.

13. The Debtors and the Foreign Representative shall (i) advise the Information Officer of all material steps taken by the Debtors or the Foreign Representative in the Foreign Proceedings and in these proceedings, (ii) co-operate fully with the Information Officer in the exercise of its powers and discharge of its duties, and (iii) provide the Information Officer with such assistance as is necessary to enable the Information Officer to adequately carry out its duties.

14. The Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Information Officer being an employer or a successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

15. The Information Officer (i) shall post on its website at www.alvarezandmarsal.com/structurlam (the "**Information Officer's Website**") all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Information Officer deems appropriate, including Foreign Orders or materials filed by any party in the Foreign Proceedings.

16. The Information Officer shall provide any creditor of a Debtor with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the Debtors is privileged or confidential, the Information Officer shall not provide such information to creditors unless directed to do so by this Court or on such terms as the Information Officer, the Foreign Representative and the Debtors may agree.

17. The Debtors shall pay the Information Officer and counsel to the Information Officer, if any, their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges as part of the costs of these proceedings, subject to further Order of this Court. The Debtors are hereby authorized and directed to pay the accounts of the Information Officer and counsel for the Information Officer on a periodic basis during these proceedings as agreed among the Debtors and the Information Officer, and, in addition, the Debtors are hereby authorized to pay to the Information Officer and counsel to the Information Officer, retainers in the amounts of [$35,000] and [$25,000], respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

18. The Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be

passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court. The accounts of the Information Officer and its counsel shall not be subject to approval in the Foreign Proceedings.

19. Counsel to the Foreign Representative, the Information Officer and counsel to the Information Officer, if any, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property in Canada, which charge shall not exceed an aggregate amount of $150,000, as security for their respective fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order and which are related to these proceedings. The Administration Charge shall have the priority set out in paragraphs 22 and 24 hereof.

20. No Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

INTERIM FINANCING

21. Bank of Montreal (the "**DIP Lender**") shall be entitled to the benefit of and is hereby granted a charge (the "**Lender Charge**") on the Property in Canada, which Lender Charge shall be consistent with the liens and charges created by the DIP Financing Order, provided that the Lender Charge (i) shall not secure an obligation that exists before this Order is made, and (ii) with respect to the Property in Canada, shall have the priority set out in paragraphs 22 and 24 hereof. Notwithstanding the foregoing, the DIP Lender is authorized to apply receipts and deposits made into the Debtor's bank accounts against the pre-filing indebtedness of Debtors to the DIP Lender in accordance with the senior secured superpriority DIP financing credit agreement dated as of [●], 2023 (the "**DIP Credit Agreement**") and the DIP Financing Order. The Lender Charge shall not be enforced except with leave of this Court.[1]

[1] To be reviewed against final terms of DIP Credit Agreement and DIP Financing Order, in particular with regard to roll-up provisions.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

22. The priorities of the Administration Charge and the Lender Charge, as among them, shall be as follows:

    a. First – Administration Charge (to the maximum amount of $150,000); and

    b. Second – Lender Charge.

23. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Lender Charge (together, the "**Charges**") shall not be required, and the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

24. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property in Canada and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person.

25. Except as otherwise expressly provided herein, or as may be approved by this Court, the Debtors shall not grant or suffer to exist any Encumbrance over any Property in Canada that ranks in priority to, or pari passu with, the Charges, unless the Debtors obtain the prior written consent of the Information Officer and the DIP Lender.

26. The Administration Charge and the Lender Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any of the Debtors; and notwithstanding any provision to the contrary in any Agreement:

a. the creation of the Charges shall not create or be deemed to constitute a breach by the Debtors of any Agreement to which any of them is a party;

b. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

c. the payments made by the Debtors to any of the Chargees pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

27. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Debtor's interest in such real property leases.

SERVICE AND NOTICE

[NTD: Consider including reference to the Noticing Agent site in the US] [● Under Consideration]

28. The Debtors, the Foreign Representative and the Information Officer are each at liberty to serve this Order, any other materials and orders filed or made in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

29. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Information Officer by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Information Officer. The Information Officer shall post and maintain an up to date copy of the Service List on the Monitor's Website.

30. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Information Officer shall post a copy of all prescribed materials on the Information Officer's Website.

31. Notwithstanding paragraphs **[29]** and **[30]** of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

32. The Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. Nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of any Debtor, the Business or the Property or as a financial advisor to any Debtor in the Foreign Proceeding.

34. 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 of America, to give effect to this Order and to assist the Debtors, the Foreign Representative, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors, the Foreign Representative, and the Information Officer, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant the Information Officer status in any foreign proceeding, or to assist the Debtors, the Foreign Representative, and the Information Officer and their respective agents in carrying out the terms of this Order.

35. Each of the Debtors, the Foreign Representative and the Information Officer 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.

36. Any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the Debtors, the Foreign Representative, the Information Officer and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

This Order and all of its provisions shall be effective as of 12:01 a.m. local Vancouver time on the date of this Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

_____

Signature of Lawyer for the Foreign Representative

Lawyer: Jonathan B. Ross

BY THE COURT

_____

REGISTRAR

SCHEDULE "A"

LIST OF COUNSEL

SCHEDULE E

[RESERVED]

SCHEDULE F

FORM OF INTERIM U.S. DIP ORDER

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
STRUCTURLAM MASS TIMBER U.S., INC., *et al.*,[1]	)	Case No. 23-[_____ (___)]
	)	(Jointly Administered)
Debtors.	)	

INTERIM ORDER (I) AUTHORIZING DEBTORS AND DEBTORS IN POSSESSION TO (A) OBTAIN POSTPETITION FINANCING, (B) USE CASH COLLATERAL, (C) GRANT LIENS AND SUPER-PRIORITY CLAIMS, AND (D) GRANT ADEQUATE PROTECTION; (II) MODIFYING THE AUTOMATIC STAY; (III) SCHEDULING A FINAL HEARING; AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") pursuant to §§ 105, 361, 362, 363, 364(c)(1), 364(c)(2) and 364(c)(3), 364(d), 503, 506, 507 and 552 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, 9013 and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "Bankruptcy Rules"), and Rules 2002-1, 4001-1, 4001-2 and 9013-1 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), *inter alia* seeking, among other things:

(1) authorization (a) for Structurlam Mass Timber U.S., Inc., a Delaware corporation, as debtor and debtor in possession and Structurlam Mass Timber Corporation, a corporation governed by the laws of the Province of British Columbia, as debtor and debtor in possession (each

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114); The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5.

[2] Capitalized terms used but not defined in this Interim Order shall have the same meanings ascribed to such terms in the DIP Credit Agreement.

individually, a "Borrower" and collectively, "Borrowers"), to obtain, and (b) for each Borrower, SLP Holdings Ltd., a corporation governed by the laws of the Province of British Columbia ("SLP") and Natural Outcomes, LLC, a Delaware limited liability company ("Natural" and together with SLP, each a "Guarantor" and collectively the "Guarantors" and together with the Borrowers, each a "Loan Party" and collectively the "Loan Parties") to guarantee, unconditionally, on a joint and several basis, post-petition financing in the form of a revolving credit facility in accordance with the terms and conditions set forth in the Senior Secured Super-Priority Debtor-in-Possession Financing Credit Agreement, substantially in the form attached hereto as **Exhibit 1** (as amended, supplemented or otherwise modified from time to time in accordance with the terms and conditions set forth herein, the "DIP Credit Agreement"), by and among the Borrowers, the Guarantors, and Bank of Montreal (the "DIP Lender"), and the other Documents (as defined in the DIP Credit Agreement and referred to herein as the "DIP Loan Documents"), and in accordance with this order (this "Interim Order"), secured by perfected senior priority security interests in and liens on the Collateral (as defined herein) pursuant to §§ 364(c)(2) and 364(c)(3), and 364(d) of the Bankruptcy Code (subject only to the Carve-Out and the Permitted Liens (each as defined herein));

(2) authorization for the Loan Parties to apply all collections, asset proceeds and payments in accordance with the Agreed Budget and DIP Credit Agreement (i) first to the Pre-Petition Lender for application or deemed application to up to Cdn. $3,900,000 of Pre-Petition Obligations (as defined herein) until such obligations are fully repaid in accordance with the Pre-Petition Credit Agreement (as defined herein) and other Pre-Petition Loan Documents (as defined herein) and (ii) to the DIP Lender for application and repayment of all Post-Petition Obligations

(as defined herein) in accordance with the DIP Credit Agreement and the other DIP Loan Documents;

(3) authorization for the Debtors to grant superpriority administrative claim status, pursuant to § 364(c)(1) of the Bankruptcy Code, to the DIP Lender in respect of all Post-Petition Obligations (subject to the Carve-Out (as defined herein));

(4) as set forth below, approval of certain stipulations by the Debtors as set forth in this Interim Order in connection with the Pre-Petition Credit Agreement and Pre-Petition Loan Documents;

(5) as set forth below, authorization to provide adequate protection to Pre-Petition Lender;

(6) authorization to use the Cash Collateral (as defined in Section 363 of the Bankruptcy Code) subject to the terms of this Interim Order;

(7) effective only upon entry of a Final Order (as defined herein), the waiver of the Debtors' right to assert claims to surcharge against the Collateral (as defined herein) pursuant to § 506(c) of the Bankruptcy Code;

(8) the modification of the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Interim Order to the extent hereinafter set forth;

(9) the scheduling of a final hearing on the Motion ("Final Hearing") to consider entry of a final order (the "Final Order") authorizing, among other things, the borrowing under the DIP Loan Documents on a final basis, as set forth in the Motion and the DIP Credit Agreement filed with the Court; and

(10) related relief.

The initial hearing on the Motion having been held by this Court on April [ ], 2023 (the "Interim Hearing"), and upon the record made by the Debtors at the Interim Hearing, including the Motion, the *Declaration of Matthew Karmel, Interim Chief Executive Officer of the Debtors, in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), the *Declaration of Kevin Haggard in Support of Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Modifying Automatic Stay, and (IV) Granting Related Relief* (the "DIP Declaration" and together with the First Day Declaration, collectively, the "Declarations"), and the filings and pleadings in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and appropriate notice of the Motion, the relief requested therein, and the Interim Hearing (the "Notice") having been provided; and the Notice having been served by the Debtors in accordance with Bankruptcy Rule 4001 on (i) counsel to the DIP Lender and Pre-Petition Lender; (ii) the office of the United States Trustee (the "U.S. Trustee"), (iii) the holders of the 30 largest unsecured claims, on a consolidated basis, against the Debtors' estates (the "30 Largest Unsecured Creditors"), (iv) the Internal Revenue Service and applicable state taxing authorities, (v) the United States Attorney's Office for the District of Delaware; (vi) any party that has asserted or may assert a lien in the Debtors' assets; and (vii) all parties entitled to notice pursuant to Local Rules 2002-1(b) and 9013-1(m) (collectively, the "Noticed Parties") and the opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and after due deliberation sufficient cause appearing therefor;

BASED UPON THE RECORD ESTABLISHED AT THE INTERIM HEARING BY THE DEBTORS, INCLUDING THE SUBMISSIONS OF THE DECLARATIONS, THE FACTS IN THE MOTION AND THE REPRESENTATIONS OF COUNSEL, THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:[3]

A. Petition. On [ ], 2023 (the "Petition Date"), each Debtor filed a voluntary petition (each, a "Petition") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

B. Disposition. The Motion is hereby granted in accordance with and to the extent set forth in this Interim Order. Any objections to the Motion with respect to the entry of the Interim Order that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled.

C. Jurisdiction and Venue. The Court has jurisdiction of this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334, as well as the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012. The Motion is a "core" proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D) and (M). This Court may enter a final order consistent with Article III of the United States Constitution. Venue of the Chapter 11 Cases and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief sought herein are Sections 105, 361, 362, 363, 364, 503, 506, 507 and 552 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 9013 and 9014 and the applicable provisions of the Local Rules.

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted as such.

D. Committee Formation. As of the date hereof, the U.S. Trustee has not yet appointed an official committee of unsecured creditors in these Chapter 11 Cases pursuant to Section 1102 of the Bankruptcy Code (a "Committee").

E. Notice. Notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion with respect to the relief requested at the Interim Hearing or the entry of this Interim Order shall be required.

F. Acknowledgments and Agreements of Debtors. After consultation with their attorneys and financial advisors, and without prejudice to the rights of any Committee appointed in these Chapter 11 Cases or other parties-in-interest as and to the extent set forth in Section 4.1 of this Interim Order, the Debtors, on their behalf and on behalf of their estates, admit, stipulate, acknowledge and agree that (collectively, the "Stipulations"):

(i) Pre-Petition Loan Documents. Prior to the commencement of the Chapter 11 Cases, the Pre-Petition Lender (as defined herein) made loans, advances and provided other financial accommodations to the Loan Parties pursuant to the terms and conditions set forth in (1) that certain Amended and Restated Letter Agreement dated December 3, 2019 among the Borrowers as borrowers, SLP and Natural as guarantors, and Bank of Montreal, as lender (the "Pre-Petition Lender") as amended by a waiver and first amendment agreement dated as of February 2, 2021, a waiver and second amendment agreement dated as of September 29, 2021, a waiver and third amendment agreement dated as of January 24, 2022, a fourth amendment agreement dated as of June 17, 2022, a fifth amendment agreement dated as of June 27, 2022, a consent and sixth amending agreement dated as of February 7, 2023, a seventh amending agreement dated as of March 3, 2023, and an eighth amending agreement dated as of April 21,

2023 (collectively, the "Pre-Petition Credit Agreement"); and (2) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of the Pre-Petition Lender in connection with the Pre-Petition Credit Agreement, including, without limitation, all security agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements, PPSA financing statements, and all other related agreements, documents and instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Pre-Petition Credit Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "Pre-Petition Loan Documents"). Copies of the operative Pre-Petition Loan Documents are in the possession of counsel to the Debtors and available upon reasonable request.

(ii) Pre-Petition Loan Obligations. As of the Petition Date, the Loan Parties were indebted to the Pre-Petition Lender under the Pre-Petition Loan Documents in respect of (a) a committed revolving credit facility in the maximum principal amount of Cdn. $3,000,000, (b) a non-revolving term credit facility in the original maximum principal amount of Cdn. $21,333,317, (c) a revolving letter of credit facility in the maximum principal amount of Cdn. $413,000, (d) a committed, reducing, non-revolving term credit facility in the original maximum principal amount of US $35,529,007, (e) a MasterCard Facility providing corporate credit card services in the maximum principal amount of US $50,000 and Cdn. $100,000 and (f) an uncommitted non-revolving demand facility in the maximum principal amount of Cdn. $900,000 (each as described and defined in the Pre-Petition Credit Agreement) in an aggregate outstanding principal amount of not less than US $50,065,515.23[4], plus interest accrued and accruing thereon,

[4] Reflects conversion of Canadian dollar amounts to US dollar amounts calculated as of April 20, 2023.

together with all costs, fees, expenses (including attorneys' fees and legal expenses) and other charges accrued, accruing or chargeable with respect thereto, each in accordance with the terms of the Pre-Petition Credit Agreement (collectively, the "Pre-Petition Obligations", as such term is further defined in the DIP Credit Agreement). The Pre-Petition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of the Loan Parties, and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law; the Loan Parties do not possess, shall not assert, hereby forever release, and are forever barred from bringing any claim, counterclaim, setoff or defense of any kind, nature or description, in any such case, arising out of, connected with, or relating to any and all acts, omissions or events occurring prior to the entry of this Interim Order, which would in any way affect the validity, enforceability and non-avoidability of any of the Pre-Petition Obligations or liens and security interest securing the same described in clause (E)(iii) below.

(iii) Pre-Petition Collateral. As of the Petition Date, the Pre-Petition Obligations were fully secured pursuant to the Pre-Petition Loan Documents by valid, perfected, enforceable and non-avoidable first-priority security interests and liens granted by the Loan Parties to Pre-Petition Lender under the Pre-Petition Loan Documents, upon all of the Pre-Petition Collateral (as defined in the DIP Credit Agreement and hereinafter referred to as the "Pre-Petition Collateral"), subject only to the liens specifically permitted under Section 9.2(b) of the Pre-Petition Credit Agreement to the extent that such security interests, liens or encumbrances are (1) valid, perfected, and unavoidable senior priority liens and security interests existing as of the Petition Date securing valid, binding and unavoidable debt permitted under the Pre-Petition Loan Documents, and (2) senior to and have not been and are not subject to being subordinated to Pre-

Petition Lender's liens on and security interests in the Pre-Petition Collateral under the Pre-Petition Loan Documents or otherwise avoided, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding (hereinafter referred to as the "Permitted Liens"). None of the Loan Parties possess or will assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of Pre-Petition Lender's liens, claims or security interests in the Pre-Petition Collateral.

(iv) Subject to the rights of the DIP Lender, the Pre-Petition Lender has the right to "credit bid" the amount of its claims that are Pre-Petition Obligations arising under the terms of the Pre-Petition Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code.

(v) Proof of Claim. The acknowledgment by the Loan Parties of the Pre-Petition Obligations and the liens, rights, priorities and protections granted to or in favor of Pre-Petition Lender in respect of the Pre-Petition Collateral as set forth herein and in the Pre-Petition Loan Documents shall be deemed a timely filed proof of claim on behalf of Pre-Petition Lender in each of these Chapter 11 Cases.

G. Findings Regarding the Post-Petition Financing.

(i) Post-Petition Financing. The Loan Parties have requested from the DIP Lender, and the DIP Lender is willing to extend, certain loans, advances and other financial accommodations on the terms and conditions set forth in this Interim Order, the DIP Credit Agreement and the other DIP Loan Documents, in a principal amount of up to Cdn.

$4,000,000 during the Interim Financing Period and up to Cdn. $7,500,000 following entry of the Final Order in form and substance acceptable to the DIP Lender.

(ii) Need for Post-Petition Financing. The Debtors do not have sufficient available sources of working capital, including Cash Collateral, to operate their businesses in the ordinary course of business and fund these Chapter 11 Cases without access to the financing provided under the DIP Credit Agreement as requested in the Motion and the authority to use Cash Collateral pursuant to the terms of this Interim Order. The Debtors' ability to maintain business relationships with their vendors, suppliers and customers, to pay their employees, and to otherwise fund their operations and these Chapter 11 Cases is essential to the Debtors' continued viability as the Debtors seek to maximize the value of the assets of the Estates (as defined herein) for the benefit of all creditors of the Debtors. The ability of the Debtors to obtain sufficient working capital and liquidity through the proposed post-petition financing arrangements with the DIP Lender as set forth in this Interim Order, the DIP Credit Agreement, and other DIP Loan Documents, as applicable, is vital to the preservation and maintenance of the going concern value of each Debtor. Accordingly, the Debtors have an immediate need to obtain the post-petition financing in order to, among other things, permit the orderly continuation of the operation of their businesses, minimize the disruption of their business operations, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under § 541 of the Bankruptcy Code, the "Estates").

(iii) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable as an administrative expense under §§ 364(a), 364(b), or 503(b)(1) of the Bankruptcy Code or in exchange for the grant of a superpriority administrative expense, junior liens on encumbered property of the Estates, or

liens on property of the Estates not subject to a lien pursuant to § 364(c)(1), 364(c)(2) or 364(c)(3) of the Bankruptcy Code, without granting to the DIP Lender, the DIP Liens and the DIP Loan Superpriority Claim (each as defined herein) and incurring the Adequate Protection Obligations (as defined herein), in each case as provided for herein subject to the Carve-Out to the extent set forth herein, under the terms and conditions set forth in this Interim Order and in the DIP Loan Documents. The Debtors have been unable to procure the necessary financing on terms more favorable, taken as a whole, than the financing offered by the DIP Lender pursuant to the DIP Loan Documents.

(iv) DIP Budget. The Loan Parties have prepared and delivered to the DIP Lender an initial 13-week budget (the "DIP Budget"), a summary of which is attached to this Interim Order as **Exhibit 2**. Such DIP Budget has been thoroughly reviewed by the Loan Parties and their management and sets forth, among other things, the projected cash receipts and disbursements of the Loan Parties for the periods covered thereby. The DIP Lender is relying upon the Loan Parties' compliance with the DIP Budget (subject to the variances permitted under the DIP Credit Agreement including Sections 8.1(p), 8.1(s), 8.2(r) of the DIP Credit Agreement and the definition of "Agreed Budget" therein (the "Permitted Variances")) and related covenants in accordance with the DIP Credit Agreement including Sections 8.1 and 8.2 of the DIP Credit Agreement, the other DIP Loan Documents, and this Interim Order in determining to enter into the post-petition financing arrangements provided for herein.

(v) Business Judgment and Good Faith Pursuant to § 364(e). The terms of the DIP Credit Agreement and the other DIP Loan Documents and this Interim Order are fair, just and reasonable under the circumstances, are ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment

consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Credit Agreement and the other DIP Loan Documents and this Interim Order have been negotiated in good faith and at arms' length by and among the Loan Parties, the DIP Lender with all parties being represented by counsel. Any credit extended under the terms of this Interim Order shall be deemed to have been extended in good faith by the DIP Lender, as that term is used in § 364(e) of the Bankruptcy Code.

(vi) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (1) minimize disruption to the Debtors' businesses and operations, (2) preserve and maximize the value of the Debtors' Estates for the benefit of all the Debtors' creditors, and (3) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(vii) Immediate Entry. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2). No party appearing in the Chapter 11 Cases has filed or made an objection to the relief sought in the Motion or the entry of this Interim Order, or any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Interim Order. Except as otherwise expressly

provided in this Interim Order, any objection to the entry of this Interim Order that has not been withdrawn, waived, resolved or settled, is hereby denied and overruled on the merits.

1.2 Authorization to Borrow, Guaranty, and Use Loan Proceeds. Borrowers are hereby authorized and empowered to immediately borrow and obtain Loans and to incur indebtedness and other obligations (collectively, the "Post-Petition Obligations"), and each Loan Party is hereby authorized to guaranty such Post-Petition Obligations in an amount of (i) up to Cdn. $4,000,000 in principal amount, plus (ii) all interest, costs, and fees, accrued or accruing under the DIP Credit Agreement and other DIP Loan Documents, all pursuant to the terms and conditions of this Interim Order, the DIP Credit Agreement, the other DIP Loan Documents, during the period commencing on the date of this Interim Order through and including the date of the Final Hearing (the "Interim Financing Period"). Subject to the terms and conditions contained in this Interim Order and the DIP Loan Documents, Borrowers shall use the proceeds of the Loans and other credit and financial accommodations provided by the DIP Lender under the DIP Credit Agreement and the other DIP Loan Documents solely for payment of expenses set forth in the DIP Budget and amounts owing to the DIP Lender in accordance with the terms and conditions of the DIP Loan Documents and this Interim Order.

1.3 Financing Documents

(a) Authorization. The Loan Parties are hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Credit Agreement and the other DIP Loan Documents. Upon execution and delivery of the DIP Credit Agreement and the other DIP Loan Documents, such agreements and documents shall constitute valid and binding obligations of the Loan Parties, enforceable against each Loan Party in accordance with the terms of such agreements, documents and this Interim Order. No

obligation, payment, transfer or grant of security under the DIP Credit Agreement, the other DIP Loan Documents or this Interim Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable state, federal or foreign law (including, without limitation, under chapter 5 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or foreign law) or be subject to any defense, reduction, setoff, counterclaim, recoupment, offset, recharacterization, subordination (whether equitable, contractual or otherwise), cross-claims or any other challenge under the Bankruptcy Code or any applicable law, rule or regulation by any person or entity.

(b) Approval; Evidence of Borrowing Arrangements. All terms, conditions and covenants set forth in the DIP Loan Documents (including, without limitation, the DIP Credit Agreement) are approved on an interim basis. All such terms, conditions and covenants shall be sufficient and conclusive evidence of (a) the borrowing arrangements by and among the Loan Parties and the DIP Lender, and (b) each Loan Party's agreement to all of the terms, conditions, and covenants of the DIP Credit Agreement and the other DIP Loan Documents for all purposes, including, without limitation, to the extent applicable, the payment of all Post-Petition Obligations arising thereunder, including, without limitation, all principal, interest, fees and other expenses, including, without limitation, all of the DIP Lender's consultant fees, professional fees, attorney fees and legal expenses, whether incurred pre-petition or post-petition, as more fully set forth in the DIP Loan Documents.

(c) Amendment. Subject to the terms and conditions of the DIP Credit Agreement and the other DIP Loan Documents, the Loan Parties and the DIP Lender may amend, modify, supplement or waive any provision of the DIP Loan Documents (a "DIP Loan Amendment") without further approval or order of the Court, so long as (a) such DIP Loan

Amendment is not material (for purposes hereof, a "material" DIP Loan Amendment shall mean any DIP Loan Amendment that operates to increase the interest rate other than as currently provided in the DIP Loan Documents, increase the maximum credit available pursuant to the DIP Credit Agreement, increase or add an additional early termination fee, prepayment or repayment premium, add specific new events of default or enlarge the nature and extent of default remedies available to the DIP Lender following an event of default) and is undertaken in good faith by the DIP Lender and the Loan Parties; (b) the Debtors provide prior written notice of the DIP Loan Amendment (the "DIP Loan Amendment Notice") to (i) the U.S. Trustee, and (ii) counsel to any Committee, or in the event no such Committee is appointed at the time of such DIP Loan Amendment, the 30 Largest Unsecured Creditors; (c) the Debtors file the DIP Loan Amendment Notice with the Court; and (d) no objection to the DIP Loan Amendment is filed with the Court within five (5) business days from the date the DIP Loan Amendment Notice is filed with the Court in accordance with this Paragraph. Any material DIP Loan Amendment to the DIP Loan Documents must be approved by the Court to be effective.

1.4 Payment of Pre-Petition Debt. The Debtors are authorized to pay all Pre-Petition Obligations in accordance with the Pre-Petition Credit Agreement (subject to Paragraph 4.1(b) of this Interim Order), the DIP Credit Agreement, the other DIP Loan Documents to the extent authorized by this Interim Order, including, without limitation, Paragraph 1.5 of this Interim Order.

1.5 Application of Payments and Collateral Proceeds; Roll-Up.

(a) Cash Collateral and proceeds of Collateral in excess of the aggregate receipts forecast in the initial DIP Budget attached hereto as **Exhibit 2** shall be applied, first, to repayment of the Pre-Petition Obligations up to the amount of Cdn. $3,900,000, and, second, to

the DIP Indebtedness until paid in full, in accordance with the Payment Protocol as defined in the DIP Credit Agreement. Except to the extent permitted otherwise pursuant to the preceding sentence, all proceeds of Pre-Petition Collateral shall be applied to the Pre-Petition Indebtedness (in accordance with the Pre-Petition Loan Documents) until paid in full. The Debtors shall not have the right to direct the manner of application of any payments to the Pre-Petition Lender or the DIP Lender or any other receipts by the Pre-Petition Lender or the DIP Lender of proceeds of any of the Pre-Petition Collateral or Collateral other than in the manner set forth in this ordering paragraph, the Pre-Petition Credit Agreement and the DIP Credit Agreement. The Debtors are authorized to make all payments and transfers of Estate property to the DIP Lender as provided for, permitted and/or required under the DIP Credit Agreement and the other DIP Loan Documents, and any such payments and transfers shall not be avoidable or recoverable from the DIP Lender under §§ 547, 548, 550, 553 or any other section of the Bankruptcy Code, or by reason of any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise.

(b) Without limiting the generality of Paragraphs 1.5(a), the Debtors are authorized without further order of this Court to pay or reimburse the DIP Lender for all costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by the DIP Lender in connection with the financing transactions as provided in this Interim Order and the DIP Loan Documents, whether incurred pre-petition or post-petition, all of which shall be and are included as part of the principal amount of the Post-Petition Obligations and secured by the Collateral (as defined herein); provided that any such legal fees shall be paid only in accordance with the procedures set forth in Paragraph 5.12 of this Interim Order.

1.6 Continuation of Pre-Petition Procedures. Except to the extent expressly set forth in the DIP Loan Documents or any cash management order entered in these Chapter 11 Cases, all pre-petition practices and procedures for the payment and collection of proceeds of the Collateral, the turnover of cash, including any deposit account control agreement (a "Control Agreement") and any other similar lockbox or blocked depository bank account arrangements, are hereby approved, ratified and shall continue without interruption after the commencement of the Chapter 11 Cases and are further approved and deemed applicable for the payment and collection of proceeds of the Collateral, the turnover of cash, and the delivery of property to the DIP Lender in accordance with the terms of the DIP Loan Documents.

Section 2. Post-Petition Lien; Superpriority Administrative Claim Status.

2.1 Post-Petition Liens. To secure the prompt payment and performance of any and all Post-Petition Obligations of the Loan Parties to the DIP Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, the following valid, binding, continuing, enforceable and non-avoidable security interests and liens (all security interests and liens granted to the DIP Lender, pursuant to this Interim Order and the DIP Loan Documents, the "DIP Liens") are hereby granted to the DIP Lender (all property identified in clauses (a) through (f) below being collectively referred to as the "Collateral" but for the avoidance of doubt, the Collateral shall not include, prior to the entry of the Final Order, any property recovered as a result of transfers or obligations avoided or actions maintained or taken pursuant to Sections 542, 544, 545, 547, 548, 549, 550, 551, 553(b) or 724(a) of the Bankruptcy Code ("Avoidance Actions" and the proceeds thereof, the "Avoidance Proceeds") (collectively the "Excluded Collateral")):

(a) Priming Liens on Encumbered Property. Pursuant to section 364(d)(1) of the Bankruptcy Code, valid and perfected first priority security interests and liens, superior to all other liens, claims or security interests that any creditor of any of the Debtors' Estates may have (the "Pre-Petition Liens") (but subject to the Carve-Out (as defined herein) and the Permitted Liens), in and upon all tangible and intangible pre- and post-petition property of the Debtors that is subject to a security interest or lien as of the Petition Date, including the Pre-Petition Collateral;

(b) Liens on Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all tangible and intangible pre- and post-petition property of the Debtors, whether existing on the Petition Date or thereafter acquired, that, on, after or as of the Petition Date, is not subject to a valid, perfected and non-avoidable lien (collectively, the "Unencumbered Property"), including any and all unencumbered cash of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, claims, causes of action, commercial tort claims, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, intellectual property, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, and including the Debtors' rights in any deposit or escrowed funds delivered by any proposed buyer of assets of any of the Debtors, whether delivered prior to or after the Petition Date, and including any Funded Reserve Account (as defined below) or any similar account and the contents thereof, in each case wherever located and whenever arising, and the proceeds, products, rents and profits of the foregoing, whether arising

under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than, prior to the entry of the Final Order, the Excluded Collateral, but including, upon entry of the Final Order, the Avoidance Proceeds;

(c) Lien Priority in Collateral. The liens and security interests of the DIP Lender granted under the DIP Loan Documents and this Interim Order in the Collateral securing all Post-Petition Obligations shall be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with §§ 363, 364 or any other section of the Bankruptcy Code or other applicable law; provided, however, that the DIP Lender's liens on and security interests in the Collateral shall be subject only to (a) the Permitted Liens and (b) the Carve-Out (as defined herein).

(d) Right of Repayment. The right to repayment of the DIP Lender granted under the DIP Loan Documents and this Interim Order from the sale or other disposition of the Collateral or any proceeds thereof shall be first and senior in priority to all other rights of repayment of every kind, nature and description, subject in each case to the Permitted Liens.

(e) Post-Petition Lien Perfection. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection and validity of the post-petition liens and security interests granted herein, effective as of the Petition Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the Collateral, or other act to validate or perfect such security interest or lien, including without limitation, control agreements with any financial institution(s) party to a Control Agreement with respect to any deposit account or securities account held by such financial institution(s) or other depository account consisting of Collateral (a

"Perfection Act"). Notwithstanding the foregoing, if the DIP Lender, shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, then the DIP Lender is authorized to perform such act, and the Debtors are authorized to perform such act to the extent necessary or required by the DIP Lender, which act or acts shall be deemed to have been accomplished as of the date and time of entry of this Interim Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. The DIP Lender may choose to file, record or present a certified copy of this Interim Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file or record such certified copy of this Interim Order in accordance with applicable law. Should the DIP Lender so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the post-petition liens and security interests granted herein by virtue of the entry of this Interim Order.

(f) Nullifying Pre-Petition Restrictions to Post-Petition Financing. Notwithstanding anything to the contrary contained in any pre-petition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the DIP Loan Documents, any provision that restricts, limits or impairs in any way any Debtor from granting the DIP Lender security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party) under the DIP Loan Documents or this Interim Order, as applicable, or otherwise entering into and complying with all of the terms, conditions and provisions hereof or

of the DIP Loan Documents, shall not (a) be effective and/or enforceable against any such Debtor(s), or the DIP Lender, as applicable, or (b) adversely affect the validity, priority or enforceability of the liens, security interests, claims, rights, priorities and/or protections granted to the DIP Lender pursuant to this Interim Order or the DIP Loan Documents, in each case, to the maximum extent permitted under the Bankruptcy Code and other applicable law that would not render any unexpired lease or executory contract non-assumable or non-assignable pursuant to Section 365 of the Bankruptcy Code.

2.2 Superpriority Administrative Expenses.

(a) DIP Loans. For all Post-Petition Obligations now existing or hereafter arising pursuant to this Interim Order, the DIP Loan Documents or otherwise, the DIP Lender is granted an allowed superpriority administrative claim pursuant to § 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of Debtors (other than the Carve-Out), whether now in existence or hereafter incurred by Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, §§ 105, 326, 328, 330, 331, 364(c)(1), 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 546(c), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed superpriority administrative claim shall be payable from and have recourse to all pre-petition and post-petition property of the Debtors and all proceeds thereof (the "DIP Loan Superpriority Claim").

2.3 Carve-Out.

(a) As used in this Interim Order, the "Carve-Out" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States

Trustee under 28 U.S.C. § 1930(a) plus interest at the statutory rate through the Carve-Out Termination Date (defined below); (ii) all reasonable fees and expenses up to $25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or other order of this Court, all unpaid fees and expenses (the "Allowed Professional Fees") incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the "Debtor Professionals"), including any Debtor Professionals appointed to act on behalf of the Debtors before the Supreme Court of British Columbia and retained by the Debtors in such capacity under the foregoing provisions of the Bankruptcy Code, and the Committee pursuant to sections 328 or 1103 of the Bankruptcy Code (the "Committee Professionals" and, together with the Debtor Professionals, the "Professional Persons") at any time before or on the last day of the week in which an Enforcement Notice is served, less the amount of any remaining and unapplied fee retainers held by any such Professional Person pursuant to Sections 327, 328 or 1103 of the Bankruptcy Code, provided, that the Allowed Professional Fees of the Committee Professionals shall not at any time exceed the aggregate amount of the fees and expenses identified in the DIP Budget for each such Committee Professional covering the period of time commencing on the Petition Date through the earlier of (A) the date of determination, and (B) the last day of the week in which an Enforcement Notice is served; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $500,000 incurred after the first business day following delivery by the DIP Lender of the Enforcement Notice, to the extent allowed at any time, whether by interim order, procedural order, or other order of this Court (the amounts set forth in this clause (iv) being the "Post-Notice Carve-Out Cap").

For the avoidance of doubt, (i) so long as an Enforcement Notice has not been issued, the Debtors shall be permitted to pay Allowed Professional Fees as the same may be due and payable to the extent set forth in the DIP Budget and in accordance with the DIP Credit Agreement and this Interim Order; and (ii) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described herein.

(b) Funded Reserve Account. The Debtors shall establish and fund a segregated account (the "Funded Reserve Account") for purpose of funding the Carve-Out and for holding funds for the Professional Persons for payment of such Professional Persons' Allowed Professional Fees. The Funded Reserve Account will remain DIP Collateral and will be funded first, from identifiable proceeds of any DIP Collateral, and, solely to the extent that the amount of the identifiable proceeds of any DIP Collateral is insufficient to fund the Funded Reserve Account, the proceeds of the DIP Loans.

(i) Subject to entry of this Interim Order, commencing on May 1, 2023 (or the first business day thereafter), the Debtors shall deposit into the Funded Reserve Account an amount equal to 115% of the aggregate amount of budgeted professional fees as provided on the DIP Budget for the period from the Petition Date through April 30, 2023 (such period, the "Initial Period" and such amount, the "Initial Funded Reserve Amount"). Commencing on June 1, 2023 (or the first business day thereafter), and continuing on the first business day of each month thereafter, the Debtors shall deposit in the Funded Reserve Account an amount equal to 115% of the aggregate amount of budgeted professional fees and expenses as provided on the DIP Budget for the prior month (the "Monthly Funded Reserve Amount"). By no later than the 15th of each month, starting in May 2023 (or such other date that may be established in any order authorizing professional compensation procedures), each Professional Person shall deliver to the

Debtors a notice of the cumulative total amount of actual fees and expenses incurred in the preceding month ("Actual Accrued Prior Month's Fees and Expenses") (each such statement, a "Fee Statement") for which such Professional Person has or will seek payment as Allowed Professional Fees. For any Professional Person, to the extent budgeted fees and expenses, are greater than Allowed Professional Fees, or the Monthly Funded Reserve Amount exceeds the Actual Accrued Prior Month's Fees and Expenses, such Professional Person's Monthly Funded Reserve Amount for the following month shall be reduced accordingly.

(ii) The Funded Reserve Account shall be maintained, and the funds therein (the "Funded Reserve Amount") shall constitute Carve-Out funds and be held solely to pay Professional Persons until all Allowed Professional Fees are paid in full. Until all Allowed Professional Fees are paid in full, any and all amounts in the Funded Reserve Account shall not be subject to any cash sweep and/or foreclosure provisions in the documents governing the Prepetition Credit Facilities or the DIP Loan Documents, and the DIP Lender shall not be entitled to sweep or foreclose on such amounts notwithstanding any provision to the contrary in the documents governing the Prepetition Credit Facilities or the DIP Loan Documents. Notwithstanding the foregoing, any and all payments to Professional Persons shall be paid first from the Funded Reserve Account.

(c) Carve-Out Reserves. On the day on which an Enforcement Notice is given by the DIP Lender to the Debtors with a copy to counsel to the Committee (the "Termination Declaration Date"), the Enforcement Notice shall constitute a demand to the Debtors to utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then-unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such

amounts in a segregated account at the DIP Lender in trust to pay such then unpaid Allowed Professional Fees (the "Pre-Notice Carve-Out Reserve") prior to any and all other claims. On the Termination Declaration Date, the Enforcement Notice shall also constitute a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor, after funding the Pre-Notice Carve-Out Reserve, to fund a reserve in an amount equal to the Post-Notice Carve-Out Cap. The Debtors shall deposit and hold such amounts in a segregated account at the DIP Lender in trust to pay such Allowed Professional Fees benefiting from the Post-Notice Carve-Out Cap (the "Post-Notice Carve-Out Reserve" and, together with the Pre-Notice Carve-Out Reserve, the "Carve-Out Reserves") prior to any and all other claims. All funds in the Pre-Notice Carve-Out Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "Pre-Notice Carve Out Amounts"), but not, for the avoidance of doubt, the Post-Notice Carve-Out Cap, until paid in full, and then, to the extent the Pre-Notice Carve-Out Reserve has not been reduced to zero, to the DIP Lender for application to the Post-Petition Obligations, unless the Post-Petition Obligations have been indefeasibly paid in full, in cash, and all commitments under the DIP Loan Documents have been terminated, in which case any such excess shall be paid to the Pre-Petition Lender in accordance with its rights and priorities hereunder. All funds in the Post-Notice Carve-Out Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "Post-Notice Carve-Out Amounts"), and then, to the extent the Post-Notice Carve-Out Reserve has not been reduced to zero, to the DIP Lender for application to the Post-Petition Obligations, unless the Post-Petition Obligations have been indefeasibly paid in full, in cash, and all commitments under the DIP Loan Documents have been terminated, in which case any such excess shall be paid to the Pre-Petition Lender in accordance with its rights and priorities

hereunder. Notwithstanding anything to the contrary in the DIP Loan Documents, or this Interim Order, if either of the Carve-Out Reserves is not funded in full in the amounts set forth in this paragraph 2.3, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Notice Carve-Out Amounts and Post-Notice Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth in this paragraph 2.3, prior to making any payments to the DIP Lender, as applicable. Notwithstanding anything to the contrary in the DIP Loan Documents or this Interim Order, following delivery of an Enforcement Notice, the DIP Lender and the Pre-Petition Lender shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the DIP Lender for application in accordance with the DIP Loan Documents and the Pre-Petition Lender in accordance with the Pre-Petition Loan Documents pursuant to their relative rights and priorities as set forth herein. Further, notwithstanding anything to the contrary in this Interim Order, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute Loans (as defined in the DIP Credit Agreement) or increase or reduce the Post-Petition Obligations, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, (iii) in no way shall the DIP Budget, Carve-Out, Post-Notice Carve-Out Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors and (iv) the DIP Lender shall have no obligation to advance any loans or other amounts after the Termination Declaration Date. For the avoidance of doubt and notwithstanding anything to the contrary in this Interim Order, the DIP Loan Documents, or in any Prepetition Loan Documents, the Carve-Out shall be senior to all liens and

claims securing the Post-Petition Obligations and the Superpriority Claim, and any and all other forms of adequate protection, liens, or claims securing the Post-Petition Obligations or the Pre-Petition Obligations.

(d) Excluded Professional Fees. Notwithstanding anything to the contrary in this Interim Order, neither the Carve-Out nor the proceeds of Collateral or any Loans or any other credit or financial accommodations provided under or in connection with the DIP Loan Documents shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional Person in connection with any of the following:

(i) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (A) challenging the legality, validity, priority, perfection, or enforceability of (1) the Pre-Petition Obligations or Pre-Petition Lender's liens on and security interests in the Pre-Petition Collateral or (2) the Post-Petition Obligations or the DIP Lender's liens on and security interests in the Collateral; (B) invalidating, setting aside, avoiding or subordinating, in whole or in part, (1) the Pre-Petition Obligations or Pre-Petition Lender's liens on and security interests in the Pre-Petition Collateral, or (2) the Post-Petition Obligations or the DIP Lender's liens on and security interests in the Collateral; or (C) preventing, hindering or delaying the DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any Collateral in accordance with the terms and conditions of the DIP Credit Agreement, the DIP Loan Documents, and this Interim Order;

(ii) a request, without the prior written consent of the DIP Lender, to use Cash Collateral (as such term is defined in section 363 of the Bankruptcy Code) in

any manner that is not in accordance with the terms and conditions of this Interim Order and the DIP Loan Documents;

(iii) a request, without the prior written consent of the DIP Lender, for authorization to obtain debtor in possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code that does not provide for the Payment in Full of all the Post-Petition Obligations on terms and conditions on the date any such financing or financial accommodation is approved by this Court; [5]

(iv) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against the DIP Lender or any of its respective officers, directors, employees, agents, attorneys, affiliates, predecessors, successors or

[5] All references to "payment in full" or "Payment in Full" or "paid in full" or "Paid in Full" with respect to the Pre-Petition Obligations or Post-Petition Obligations, as the case may be, means the indefeasible repayment in full in cash of all such obligations (including principal, interest, fees, expenses, and indemnities), except that for contingent obligations it shall include arrangements and amounts reasonably satisfactory to the applicable lender, whether in the form of cash collateral or a backstop letter of credit, and including in any event in addition to such arrangements as to letters of credit and similar instruments, treasury and cash management obligations, hedging obligations and other bank product obligations, the pledge of cash collateral in such amounts as the applicable lender or issuing bank may reasonably require to secure any reimbursement, indemnification or similar continuing obligations of the Debtors in favor of the applicable lender, in each case, in accordance with the terms of the applicable Pre-Petition Loan Document or DIP Loan Document (it being understood that the reference to cash collateral herein under the Pre-Petition Credit Agreement or the DIP Credit Agreement means the pledge and deposit with and delivery to the lender, as the case may be, as collateral for the obligations specified above in such amounts as Pre-Petition Lender or the DIP Lender, as the case may be, determines pursuant to documentation in form and substance reasonably satisfactory to such lender and that the Pre-Petition Lender, or the DIP Lender, as the case may be, shall receive a release from each Debtor and any Committee of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities (including, without limitation any obligations or liabilities of any kind related to the Carve-Out upon payment in full of the Pre-Petition Obligations or Post-Petition Obligations) in form and substance acceptable to Pre-Petition Lender or the DIP Lender, as applicable or in the case of the Committee, instead of such release, (A) if the Challenge Period (as defined in this Interim Order) has not elapsed, a written notice or other confirmation that no Challenge or any other claims of any kind (including with respect to the Carve-Out upon payment in full of the Pre-Petition Obligations or Post-Petition Obligations) will be asserted or (B) if the Challenge Period has elapsed, then no Challenge or any other claim has been asserted or any Challenge or other claim asserted has been dismissed pursuant to a final, non-appealable order of a court of competent jurisdiction and a written notice or other confirmation that no claim of any kind with respect to the Carve-Out will be asserted against the Pre-Petition Lender or the DIP Lender.

assigns, including, without limitation, any attempt to recover or avoid any claim or interest from the DIP Lender under chapter 5 of the Bankruptcy Code;

(v) the cost of investigation into any claims against Pre-Petition Lender arising under or in connection with the Pre-Petition Loan Documents in an aggregate amount that exceeds $25,000;

(vi) seeking relief under the Bankruptcy Code, including, without limitation, in each case under Section 105 of the Bankruptcy Code, to the extent such relief would restrict or impair the rights and remedies of the DIP Lender as set forth herein, the other DIP Loan Documents or any order of the Bankruptcy Court; or

(vii) any act which has or could directly, materially and adversely modify or compromise the rights and remedies of the DIP Lender under this Interim Order, or which directly results in the occurrence of an Event of Default under any DIP Loan Documents or this Interim Order.

2.4 Payment of Allowed Professional Fees Prior to the Termination Declaration Date. Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve Out.

2.5 Payment of Carve-Out On or After the Termination Declaration Date.

(a) Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out, if any, shall be added to, and made a part of, the Post-Petition Obligations secured by the DIP Collateral and shall be otherwise entitled to the protections granted under this Interim Order, the DIP Loan Documents, the Bankruptcy Code, and applicable law.

(b) Payment from the Carve-Out, whether by or on behalf of the DIP Lender or Pre-Petition Lender shall not and shall not be deemed to reduce the Pre-Petition Obligations or Post-Petition Obligations, and shall not and shall not be deemed to subordinate any liens and security interests of the DIP Lender or the Pre-Petition Lender in the Pre-Petition Collateral or Collateral, the Superpriority Claim (as defined herein), or the DIP Loan Superpriority Claim (as defined herein) to any junior pre- or post-petition lien, interest or claim in favor of any other party. The DIP Lender and the Pre-Petition Lender shall not, under any circumstance, be responsible for the direct payment or reimbursement of any fees or disbursements of any Professionals incurred in connection with the Chapter 11 Cases under any chapter of the Bankruptcy Code, and nothing in this Interim Order or otherwise shall be construed to obligate the DIP Lenders or the Pre-Petition Lender in any way, to directly pay compensation to or to reimburse expenses of any Professional, or to ensure that the Debtors have sufficient funds to pay such compensation or reimbursement.

2.6 Limited Use of Cash Collateral; Adequate Protection.

(a) Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, the DIP Credit Agreement, the DIP Loan Documents, and in accordance with the DIP Budget (subject to the Permitted Variances), Borrowers shall be and are hereby authorized to use the Cash Collateral (as defined in Section 363 of the Bankruptcy Code) for the period commencing on the date of this Interim Order and terminating upon the earlier of (i) the date that is the final day of the Interim Financing Period; and (ii) the date on which the DIP Lender delivers an Enforcement Notice (as defined herein) to counsel for the Loan Parties, counsel for the Committee (if appointed), and the U.S. Trustee, subject to the liens and security interests granted to the DIP Lender. Nothing in this Interim Order shall authorize the disposition of any

assets of the Debtors or their Estates outside the ordinary course of business, or any Borrower's use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Interim Order, the DIP Loan Documents and in accordance with the DIP Budget.

(b) Replacement Liens.

(i) Replacement Lien. As adequate protection for any diminution in value of their interests in the Pre-Petition Collateral (including Cash Collateral) on account of the Debtors' use of such Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the DIP Liens and the Carve-Out on a dollar-for-dollar basis (collectively, the "Diminution in Value"), the Pre-Petition Lender is hereby granted pursuant to §§ 361 and 363 of the Bankruptcy Code, and solely to the extent of the Diminution in Value, valid, binding, enforceable and perfected replacement liens upon and security interests in all Collateral (the "Replacement Lien"). The Replacement Lien shall be junior and subordinate only to (A) the Carve-Out (B) the Permitted Liens, and (C) DIP Liens, and shall otherwise be senior to all other security interests in, liens on, or claims against any of the Collateral.

(c) Additional Adequate Protection.

(i) Superpriority Claim. As adequate protection for the Diminution in Value, the Pre-Petition Lender is hereby granted as and to the extent provided by Section 507(b) of the Bankruptcy Code, and to the extent of the Diminution in Value, an allowed superpriority administrative expense claim in each of the Chapter 11 Cases and any successor bankruptcy cases (the "Superpriority Claim"). The Superpriority Claim shall be junior only to (A) the Carve-Out and (B) the DIP Loan Superpriority Claim, and shall otherwise have priority over all administrative expense claims, including administrative expenses of the kinds specified in or ordered pursuant to Sections 503(b) and 507(b) of the Bankruptcy Code, and unsecured claims

against Debtors and their Estates now existing or hereafter arising, of any kind or nature whatsoever.

(ii) Payment of Professional Fees. As further adequate protection, the Debtors are authorized to pay, in accordance with the terms of Paragraph 5.12 of this Interim Order, all reasonable and documented fees and expenses of the Pre-Petition Lender, whether incurred pre-petition or post-petition (the "Pre-Petition Lender Professional Fees").

(iii) Cash Interest. As further adequate protection, the Debtors will pay the Pre-Petition Lender cash interest at the non-default rate on the Pre-Petition Obligations as and when due under the Pre-Petition Credit Agreement (the "Adequate Protection Interest Payments," together with the Replacement Lien, Superpriority Claim and Pre-Petition Lender Professional Fees, the "Adequate Protection Obligations"). For the avoidance of doubt, (A) in the event it is subsequently determined that the Pre-Petition Lender is undersecured and the Pre-Petition Lender is not entitled to the accrual of any post-petition interest, any post-petition interest paid to the Pre-Petition Lender shall be re-allocated to payment of principal amount of the Pre-Petition Obligations and (B) interest on the Pre-Petition Obligations shall accrue at the default rate at all times following the Petition Date.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Interim Order: (a) any Debtor's failure to perform, in any respect, any of its obligations under this Interim Order; or (b) an "Event of Default" under the DIP Credit Agreement or any of the other DIP Loan Documents, including but not limited to any failure to comply with the Milestones.

3.2 Rights and Remedies upon Event of Default. Upon the occurrence of and during the continuance of an Event of Default, (a) the Debtors shall be bound by all restrictions,

prohibitions and other terms as provided in this Interim Order, the DIP Credit Agreement and the other DIP Loan Documents, and (b) the DIP Lender shall be entitled to take any act or exercise any right or remedy (subject to Paragraph 3.4 below) as provided in this Interim Order or any DIP Loan Document, as applicable, including, without limitation, declaring all Post-Petition Obligations immediately due and payable, accelerating the Post-Petition Obligations, ceasing to extend Loans, setting off any Post-Petition Obligations with Collateral or proceeds in the DIP Lender's possession, and enforcing any and all rights with respect to the Collateral. Except as expressly set forth in Paragraph 2.4, the DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of Debtors, or provide any other financial accommodations to Debtors, immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

3.3 Expiration of Loan Commitment. Upon the earlier of (a) expiration of Borrowers' authority to borrow and obtain other credit accommodations from the DIP Lender pursuant to the terms of this Interim Order and the DIP Loan Documents (except if such authority shall be extended with the prior written consent of the DIP Lender, which consent shall not be implied or construed from any action, inaction or acquiescence by the DIP Lender), and (b) the delivery by the DIP Lender of written notice pursuant to Section 13.4 of the DIP Credit Agreement upon the occurrence of an Event of Default, above, all of the Post-Petition Obligations shall immediately become due and payable and the DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to Debtors or permit the use of Cash Collateral.

3.4 Modification of Automatic Stay. The automatic stay provisions of Section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit the DIP Lender and the Borrowers to perform, immediately upon entry of this Interim Order and at any time thereafter, any act authorized or permitted under or by virtue of this Interim Order or the DIP Loan Documents, as applicable, including, without limitation, (a) to implement the post-petition financing arrangements authorized by this Interim Order and pursuant to the terms of the DIP Loan Documents, (b) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the Collateral, and (c) to assess, charge, collect, advance, deduct and receive payments with respect to the Pre-Petition Obligations or the Post-Petition Obligations, as applicable, including, without limitation, all interests, fees, costs and expenses permitted under the DIP Loan Documents (subject to Paragraph 5.12 of this Interim Order) and apply such payments to the Pre-Petition Obligations or Post-Petition Obligations pursuant to the DIP Loan Documents and this Interim Order, as applicable. Without limiting the foregoing, upon the occurrence of an Event of Default and the DIP Lender providing four (4) business days (the "Default Notice Period") prior written notice, which period may be extended by written agreement (including e-mail) of the Borrowers and the DIP Lender, (the "Enforcement Notice") to (i) counsel for the Loan Parties, (ii) counsel for the Committee (if appointed), and (iii) the U.S. Trustee, the DIP Lender shall be entitled without further notice, application or order of the Court to take any action and exercise all other rights and remedies provided to it by this Interim Order, the DIP Loan Documents or applicable law that the DIP Lender may deem appropriate in its sole discretion to proceed against and realize upon the Collateral or any other assets or properties of Debtors' Estates upon which the DIP Lender has been or may hereafter be granted

liens or security interests to obtain the indefeasible repayment in full of all Post-Petition Obligations. Notwithstanding anything to the contrary, any action that the DIP Lender is otherwise permitted to take pursuant to this Interim Order to (i) terminate the commitments under the DIP Loan Documents, (ii) accelerate the Loans, (iii) send blocking notices or activation notices pursuant to the terms of any Blocked Account Agreement, (iv) repay any amounts owing in respect of the Post-Petition Obligations (including, without limitation, fees, indemnities and expense reimbursements) and (v) cash collateralize letters of credit and bank products issued pursuant to the DIP Loan Documents, in each case, shall not require any advance notice to the Debtors. During the Default Notice Period, the Debtors and the Committee (if appointed) shall be entitled to seek an emergency hearing, and the DIP Lender shall consent to such emergency hearing within the Default Notice Period; *provided* that the sole issue that may be raised by the Debtors at such hearing is whether an Event of Default has occurred and/or is continuing, and the Debtors hereby waive their right to and shall not seek relief at such hearing, including under Section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the DIP Lender set forth in this Interim Order or the DIP Loan Documents.

Section 4. Representations; Covenants; and Waivers.

4.1 Effect of Stipulations on Third Parties.

(a) Subject to Paragraph 4.1(b) hereof, each stipulation, admission, and agreement contained in this Interim Order including, without limitation, the Stipulations, shall be binding upon the Debtors, their Estates and any successor thereto (including, without limitation, any chapter 7 or chapter 11 trustee appointed or elected for any of the Debtors) under all circumstances and for all purposes, and the Debtors are deemed to have irrevocably waived and relinquished all Challenges (as defined herein) as of the date of the Petition Date.

(b) Nothing in this Interim Order shall prejudice the rights of any Committee or any other party in interest, if granted standing by the Court, to seek, solely in accordance with the provisions of this Paragraph 4.1, to assert claims against the Pre-Petition Lender on behalf of the Debtors or the Debtors' creditors or to otherwise challenge the Stipulations, including, but not limited to those in relation to (i) the validity, extent, priority, or perfection of the security interests, and liens of the Pre-Petition Lender, (ii) the validity, allowance, priority, or amount of the Pre-Petition Obligations, or (iii) any liability of the Pre-Petition Lender with respect to anything arising from the Pre-Petition Loan Documents. Notwithstanding the immediately preceding sentence, any Committee or any other party in interest must, after obtaining standing approved by the Court, commence a contested matter or adversary proceeding raising such claim, objection, or challenge, including, without limitation, any claim or cause of action against the Pre-Petition Lender, (each, a "Challenge") no later than (i) with respect to any Committee, the date that is sixty (60) days after the Committee's formation, (ii) if no Committee is appointed, then with respect to other parties in interest, no later than the date that is seventy-five (75) days after the entry of this Interim Order, or (iii) with respect to any chapter 11 trustee appointed in the Chapter 11 Cases, or any chapter 7 trustee appointed in case of conversion of the Chapter 11 Cases (a "Successor Case"), prior to the expiration of the periods set forth in subsections (i) and (ii) above, no later than the date that is the later of (A) fourteen (14) days after the appointment of such trustee or (B) the expiration of the time periods set forth in the foregoing subsections (i) and (ii) above (collectively, the "Challenge Period"). The Challenge Period may only be extended with the written consent of the Pre-Petition Lender prior to the expiration of the Challenge Period, and for the avoidance of doubt, any such extension shall only apply to the Pre-Petition Lender providing such written consent, as applicable. Only those parties in interest who commence a Challenge within the

Challenge Period may prosecute such Challenge. As to (x) any parties in interest, including any Committee, who fail to file a Challenge within the Challenge Period, or if any such Challenge is filed and overruled or otherwise finally resolved or adjudicated in favor of the Pre-Petition Lender or (y) any and all matters that are not expressly the subject of a timely Challenge: (1) any and all such Challenges by any party (including, without limitation, any Committee, any chapter 11 trustee, any examiner or any other estate representative appointed in the Debtors' Chapter 11 Cases, or any chapter 7 trustee, any examiner or any other estate representative appointed in any Successor Case), shall be deemed to be forever waived and barred, (2) all of the findings, Stipulations, waivers, releases, affirmations, and other stipulations shall be of full force and effect and forever binding upon the Debtors' bankruptcy estates and all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases, and (3) any and all claims or causes of action against the Pre-Petition Lender shall be released by the Debtors' estates, all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases.

(c) Nothing in this Interim Order vests or confers on any person (as defined in the Bankruptcy Code), including any Committee, standing or authority to pursue any cause of action belonging to the Debtors or their Estates, including, without limitation, any Challenge with respect to the Post-Petition Obligations or the Pre-Petition Obligations.

(d) Notwithstanding anything to the contrary set forth herein, in any pleading, or filing, any DIP Loan Document or otherwise, prior to the expiration of the Challenge Period no act or omission by or on behalf of Pre-Petition Lender or the DIP Lender shall be construed as a waiver of any rights or remedies with respect any Loan Party or any of their respective, successors

and assigns, present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives.

4.2 Debtors' Waivers. At all times during the Chapter 11 Cases, and whether or not an Event of Default has occurred, the Debtors irrevocably waive any right that they may have to seek further authority (a) to use Cash Collateral of the DIP Lender or the Pre-Petition Lender under Section 363 of the Bankruptcy Code, other than as provided in the Interim Order or as may be otherwise expressly permitted pursuant to the DIP Loan Documents or other agreement with or consent of the DIP Lender or the Pre-Petition Lender, as applicable, (b) to obtain post-petition loans or other financial accommodations pursuant to Section 364(c) or 364(d) of the Bankruptcy Code that does not provide for the indefeasible repayment in full of all Pre-Petition Obligations and Post-Petition Obligations in cash at the time any such post-petition loans or financial accommodations are provided, extended or otherwise made available to Debtors, (c) to challenge, contest or otherwise seek to impair or object to the validity, extent, enforceability or priority of the DIP Lender's post-petition liens and claims, (d) to challenge the application of any payments authorized by this Interim Order as pursuant to Section 506(b) of the Bankruptcy Code, or to assert that the value of the Pre-Petition Collateral is less than the Pre-Petition Obligations, (e) to propose, support or have a plan of reorganization or liquidation that does not provide for the indefeasible payment in cash in full and satisfaction of all Post-Petition Obligations (other than unmatured indemnity obligations for which claims (i) have not been asserted and (ii) are not reasonably expected to be asserted at any time in the future) on the effective date of such plan in accordance with the terms and conditions set forth in the DIP Credit Agreement, (f) subject to entry of the Final Order, to surcharge the Collateral pursuant to 506(c) of the Bankruptcy Code or (g) to seek relief under the Bankruptcy Code, including without limitation, under Section 105 of

the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of the DIP Lender as provided in this Interim Order and the DIP Loan Documents or the DIP Lender's exercise of such rights or remedies (other than to object to the exercise of the rights and remedies within the Default Notice Period on the grounds set forth in Section 3.4 of this Interim Order); provided, however, that the DIP Lender may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lender; provided further, however, that nothing herein shall prohibit the Debtors from obtaining post-petition loans or other financial accommodations pursuant to Section 364(c) or 364(d) of the Bankruptcy Code if the proceeds of such financing are used to indefeasibly pay (i) all Pre-Petition Obligations and the Pre-Petition Obligations are satisfied in full in accordance with the terms of the Pre-Petition Credit Agreement and the other Pre-Petition Loan Documents, and (ii) all Post-Petition Obligations are satisfied in full in accordance with the terms of the DIP Credit Agreement and the other DIP Loan Documents.

4.3 Section 506(c) Claims. Subject to entry of the Final Order granting such relief, no costs or expenses of administration which have or may be incurred in the Chapter 11 Cases shall be charged against the DIP Lender, the Pre-Petition Lender, or their respective claims or the Collateral pursuant to § 506(c) of the Bankruptcy Code without the prior written consent of such agent or lender, and no such consent shall be implied from any other action, inaction or acquiescence by the DIP Lender, or the Pre-Petition Lender.

4.4 Collateral Rights. Until all Post-Petition Obligations shall have been indefeasibly paid and satisfied in full in accordance with the terms of the DIP Credit Agreement and the other DIP Loan Documents:

(a) no party other than the DIP Lender shall foreclose or otherwise seek to enforce any junior lien or claim in Collateral; and

(b) upon and after the declaration of the occurrence of an Event of Default, and subject to the expiration of the Default Notice Period, in connection with a liquidation of any of the Collateral or the DIP Lender's exercise of remedies in respect of the Collateral, the DIP Lender (or any of its employees, agents, consultants, contractors or other professionals) shall have the right, at the sole cost and expense of the Loan Parties, to: (i) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by Debtors and (ii) use any and all trademarks, trade names, copyrights, licenses, patents or any other similar assets of Debtors, which are owned by or subject to a lien of any third party and which are used by Debtors in their businesses. The DIP Lender will be responsible for the payment of any applicable fees, rentals, royalties or other amounts due such lessor, licensor or owner of such property for the period of time that the DIP Lender actually uses the equipment or the intellectual property (but in no event for any accrued and unpaid fees, rentals or other amounts due for any period prior to the date that the DIP Lender actually occupies or uses such assets or properties or for any fees, rentals or other amounts that may become due following the end of the DIP Lender's occupation or use).

4.5 Releases. Subject to Section 4.1 above, each Debtor, on behalf of itself and its successors and assigns (collectively, the "Releasors"), hereby forever releases, discharges and acquits the Pre-Petition Lender, and its successors and assigns, present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives in their respective capacities as such (collectively, the "Pre-Petition Releasees") of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of

action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have or hereafter can or may have against Pre-Petition Releasees, or any of them, as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Pre-Petition Obligations, the Pre-Petition Loan Documents and any Loans, Credit Facilities, the L/C Facility, the Mastercard Facility and other Obligations (as such terms are defined in the Pre-Petition Credit Agreement) or other financial accommodations made by any Pre-Petition Releasee to any Debtor. In addition, notwithstanding anything to the contrary set forth herein, upon the repayment of all Post-Petition Obligations owed to the DIP Lender by Debtors and termination of the rights and obligations arising under the DIP Loan Documents (which payment and termination shall be on terms and conditions acceptable to the DIP Lender), the DIP Lender shall be released from any and all obligations, liabilities, actions, duties, responsibilities and causes of action arising or occurring, on or prior to the date of such repayment and termination, in connection with or related to the Debtors, DIP Loan Documents, this Interim Order or the Final Order (including without limitation any obligation or responsibility whether direct or indirect, absolute or contingent, due or not due, primary or secondary, liquidated or unliquidated to pay or otherwise fund the Carve-Out and/or the Professional Fee Carve-Out).

Section 5. Other Rights and Post-Petition Obligations.

5.1 No Modification or Stay of This Interim Order. Notwithstanding (a) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Interim Order, the DIP Loan Documents or any term hereunder or thereunder, (b) the failure to obtain a Final Order pursuant to Bankruptcy Rule 4001(c)(2), or (c) the dismissal or conversion of one or more of the Chapter 11 Cases (each, a "Subject Event"), (x) the acts taken by the DIP Lender in accordance with this Interim Order, and (y) the Post-Petition Obligations incurred or arising prior

to the DIP Lender's actual receipt of written notice from Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in all respects by the original provisions of this Interim Order, and the acts taken by the DIP Lender in accordance with this Interim Order, and the liens granted to the DIP Lender in the Collateral, and all other rights, remedies, privileges, and benefits in favor of the DIP Lender pursuant to this Interim Order and the DIP Loan Documents shall remain valid and in full force and effect pursuant to Section 364(e) of the Bankruptcy Code. For purposes of this Interim Order, the term "appeal", as used in Section 364(e) of the Bankruptcy Code, shall be construed to mean any proceeding for reconsideration, amending, rehearing, or re-evaluating this Interim Order by this Court or any other tribunal.

5.2 Power to Waive Rights; Duties to Third Parties. The DIP Lender shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Interim Order that are in favor of the DIP Lender (the "DIP Lender Rights") and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any DIP Lender Right(s). Any waiver by the DIP Lender of any DIP Lender Rights shall not be or constitute a continuing waiver unless expressly specified in writing by the DIP Lender. Any delay in or failure to exercise or enforce any DIP Lender Right shall neither constitute a waiver of such DIP Lender Right, subject the DIP Lender to any liability to any other party, nor cause or enable any party other than the Debtors to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtors to the DIP Lender.

5.3 Disposition of Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the Collateral, other than pursuant to the terms of

the DIP Loan Documents, without the prior written consent of the DIP Lender (and no such consent shall be implied, from any other action, inaction or acquiescence by the DIP Lender).

5.4 Inventory. The Debtors shall not, without the consent of the DIP Lender, (a) enter into any agreement to return any inventory to any of their creditors for application against any pre-petition indebtedness under any applicable provision of Section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its pre-petition indebtedness based upon any such return pursuant to Section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. The terms, conditions and provisions of this Interim Order are in addition to and without prejudice to the rights of the DIP Lender to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Loan Documents or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the Collateral, as applicable, or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professional Persons or other parties seeking compensation or reimbursement from the Estates.

5.6 Binding Effect.

(a) The provisions of this Interim Order and the DIP Loan Documents, the Post-Petition Obligations, the DIP Loan Superpriority Claim, the Superpriority Claim and any and all rights, remedies, privileges and benefits in favor of the DIP Lender provided or acknowledged in this Interim Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Interim Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect, and shall survive entry of any such other

order, including without limitation any order which may be entered confirming any plan of reorganization, converting one or more of the Chapter 11 Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Chapter 11 Cases.

(b) Any order dismissing one or more of the Chapter 11 Cases under Section 1112 or otherwise shall be deemed to provide (in accordance with §§ 105 and 349 of the Bankruptcy Code) that (a) the DIP Loan Superpriority Claim and the DIP Lender's liens on and security interests in the Collateral and all other claims, liens, adequate protections and other rights granted pursuant to the terms of this Interim Order shall continue in full force and effect notwithstanding such dismissal until the Post-Petition Obligations are indefeasibly paid and satisfied in full, and (b) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing all such claims, liens, protections and rights.

(c) In the event this Court modifies any of the provisions of this Interim Order or the DIP Loan Documents following a Final Hearing, such modifications shall not affect the rights or priorities of the DIP Lender or its interests in the Collateral authorized by or otherwise set forth in this Interim Order with respect to the Collateral or any portion of the Post-Petition Obligations arising or incurred by the Loan Parties prior to such modification, and this Interim Order shall otherwise remain in full force and effect to such extent.

(d) This Interim Order shall be binding upon the Debtors, all parties in interest in the Chapter 11 Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Cases or any subsequently converted bankruptcy case(s) of any Debtor. This Interim Order shall also inure to the benefit of Debtors, the DIP Lender, and each of their respective successors and assigns.

5.7 Restrictions on Cash Collateral Use, Additional Financing, Plan Treatment.

(a) All post-petition advances and other financial accommodations under the DIP Credit Agreement and the other DIP Loan Documents are made in reliance on this Interim Order and there shall not at any time be entered in the Chapter 11 Cases, or in any subsequently converted case under chapter 7 of the Bankruptcy Code, any order (other than the Final Order) which (i) authorizes the use of cash collateral of Debtors in which the DIP Lender has an interest, or the sale, lease, or other disposition of property of any Debtor's Estate in which the DIP Lender has a lien or security interest, except as expressly permitted hereunder or in the DIP Loan Documents, or (ii) authorizes under Section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which the DIP Lender holds a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to the DIP Lender herein; unless, in each instance (x) the DIP Lender shall have given its express prior written consent with respect thereto, no such consent being implied from any other action, inaction or acquiescence by the DIP Lender, or (y) such other order requires that all Post-Petition Obligations shall first be indefeasibly paid and satisfied in full in accordance with the terms of the DIP Credit Agreement and the other DIP Loan Documents (other than unmatured indemnity obligations for which claims have not been asserted by the DIP Lender), including, without limitation, all debts and obligations of Debtors to the DIP Lender which arise or result from the obligations, loans, security interests and liens authorized herein, on terms and conditions acceptable to the DIP Lender. The security interests and liens granted to or for the benefit of the DIP Lender hereunder and the rights of the DIP Lender pursuant to this Interim Order and the DIP Loan Documents with respect to the Post-Petition Obligations, Collateral, and claims against the

Loan Parties are cumulative and shall not be altered, modified, extended, impaired, or affected by any plan of reorganization or liquidation of Debtors and shall continue after confirmation and consummation of any such plan unless (i) all Post-Petition Obligations indefeasibly paid in full prior to such time, or (ii) the DIP Lender expressly consents in writing authenticated by the DIP Lender to different treatment.

5.8 No Owner/Operator Liability. Subject to the entry of the Final Order granting such relief, the DIP Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute).

5.9 Marshalling. Subject to entry of the Final Order granting such relief, in no event shall the DIP Lender be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to the Collateral. The DIP Lender shall each be entitled to all of the rights and benefits of Section 552(b) of the Bankruptcy Code, and, subject to entry of the Final Order, the "equities of the case" exception under Section 552(b) of the Bankruptcy Code shall not apply to the Pre-Petition Lender with respect to proceeds, products, offspring or profits of any of the Collateral, as applicable.

5.10 Right of Setoff. To the extent any funds were on deposit with Pre-Petition Lender as of the Petition Date, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with Pre-Petition Lender immediately prior to the filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the "Deposited Funds") are subject to

rights of setoff. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Pre-Petition Lender pursuant to §§ 506(a) and 553 of the Bankruptcy Code.

5.11 Right to Credit Bid.

(a) The DIP Lender shall have the right to "credit bid" the amount of its claims that are Post-Petition Obligations arising under the terms of the DIP Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code.

(b) The Pre-Petition Lender shall have the right to "credit bid" the amount of its and their claims that are Pre-Petition Obligations arising under the terms of the Pre-Petition Loan Documents, during any sale of all or substantially all of the Debtors' assets, including without limitation, sales occurring pursuant to Section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under Section 1129(b)(2)(A)(ii)-(iii) of the Bankruptcy Code.

5.12 Payment and Review of Lender Fees and Expenses. Each Loan Party shall pay all fees, that may be reasonably required or necessary for the Loan Parties' performance of their Post-Petition Obligations under the DIP Credit Agreement, including, without limitation, the non-refundable payment to the (i) Pre-Petition Lender of the fees and expenses set forth in the Pre-Petition Loan Documents, whether incurred pre-petition or post-petition, including without limitation, all fees, costs, disbursements and expenses of Chapman and Cutler, LLP, as legal counsel, Womble Bond Dickinson (US) LLP, as legal counsel, Blake, Cassels & Graydon LLP, as Canadian legal counsel and FTI Consulting Canada Limited, as financial advisor, and (ii) the DIP Lender of the fees and expenses set forth in the DIP Loan Documents, whether incurred pre-

petition or post-petition including, without limitation the fees, costs, disbursements and expenses of Chapman and Cutler, LLP, as legal counsel, Womble Bond Dickinson (US) LLP, as legal counsel, Blake, Cassels & Graydon LLP, as Canadian legal counsel and FTI Consulting Canada Limited, as financial advisor, in each case whether incurred before or after the Petition Date; provided, that Debtors shall pay all such reasonable fees and expenses within ten (10) business days of delivery of a statement or invoice for such fees and expenses (it being understood that such statements or invoices shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtors, the U.S. Trustee and the Committee (if any), unless, within such ten (10) business day period, the Debtors, the U.S. Trustee or the Committee (if any) serves a written objection upon the requesting party detailing the specific fees or expenses to which such party objects along with an explanation for the basis of such objection, in which case, the Debtors shall immediately pay only such amounts that are not the subject of any objection and only pay the balance of such statements or invoices at such time and in such amount as subsequently agreed to by the requesting party and any objecting party or as otherwise ordered by the Court to be paid.

5.13 No Superior Rights of Reclamation. In no event shall any alleged right of reclamation or return (whether asserted under Section 546(c) of the Bankruptcy Code or otherwise) be deemed to have priority over the DIP Liens.

5.14 Term; Termination. Notwithstanding any provision of this Interim Order to the contrary, the term of the financing arrangements among Debtors and the DIP Lender authorized by this Interim Order may be terminated pursuant to the terms of the DIP Credit Agreement.

5.15 Limited Effect. In the event of a conflict between the terms and provisions of any of the DIP Loan Documents and this Interim Order, the terms and provisions of this Interim Order shall govern, interpreted as most consistent with the terms and provisions of the DIP Loan Documents.

5.16 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Interim Order, the DIP Credit Agreement, and the other DIP Loan Documents.

5.17 Aid and Assistance. The Court hereby requests the aid and assistance of the Canadian Court administering the Canadian Proceedings to (i) grant a stay of proceedings in the Canadian Proceedings restricting and prohibiting any further actions or steps being taken in Canada against any of the Collateral of the Debtors which may be located in Canada, and (ii) create a charge in favor of the DIP Lender to secure any Post-Petition Obligations of the Debtors which may be located in Canada in furtherance of the liens and security interests of the DIP Lender granted under the DIP Loan Documents and this Interim Order.

Section 6. Final Hearing and Response Dates.

The Final Hearing on the Motion is scheduled for [__], 2023, at _____ before this Court. The Debtors may serve the Motion and the Interim Order without the exhibits attached thereto as such exhibits are voluminous and available, free of charge, at [···], and such notice is

deemed good and sufficient and no further notice need be given. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections, which objections shall be served upon (a) proposed counsel to the Debtors, (i) Paul Hastings LLP, 1117 South California Avenue, Palo Alto, California 94304, Attn: Todd M. Schwartz (toddschwartz@paulhastings.com), 515 South Flower Street, Twenty-Fifth Floor, Los Angeles, California 90071; Attn: Will Clark Farmer (willfarmer@paulhastings.com), and 71 South Wacker Drive, Suite 4500, Chicago, Illinois 60606, Attn: Michael Jones (michaeljones@paulhastings.com) and Angelika S. Glogowski (angelikaglogowski@paulhastings.com), and (ii) Potter Anderson & Corroon LLP, 1313 North Market Street, 6th Floor, Wilmington, Delaware 19801, Attn: M. Blake Cleary (bcleary@potteranderson.com); (b) counsel for the DIP Lender and Pre-Petition Lender, (i) Blake, Cassels & Graydon LLP, 855 - 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8, Attn: Kelly Bourassa (kelly.bourassa@blakes.com), Christopher Keliher (christopher.keliher@blakes.com), Erik Fleming (erik.fleming@blakes.com), and Austin Beck (Austin.Beck@blakes.com), (ii) Chapman and Cutler LLP, 320 South Canal Street, Chicago, Illinois 60606 (Attn: Stephen R. Tetro II and James P. Sullivan), email: stetro@chapman.comand jsulliva@chapman.com, and (iii) Womble Bond Dickinson (US) LLP, 1313 North Market Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Matthew P. Ward), email: matthew-ward@wbd-us.com; (c) counsel to any Committee; and (d) the U.S. Trustee, 844 King Street, Room 2207, Wilmington, Delaware 19801, Attn: Benjamin A. Hackman (Benjamin.a.hackman@usdoj.gov); and shall be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, in each case, to allow actual receipt of the foregoing no later than _____, prevailing Eastern time, on [__], 2023.

Dated: Wilmington, Delaware

_____, 2023

UNITED STATES BANKRUPTCY JUDGE

SCHEDULE G

[RESERVED]

EXHIBIT 1

DIP Credit Agreement

EXHIBIT 2

Initial DIP Budget

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF SLP HOLDINGS LTD, STRUCTURLAM MASS TIMBER CORPORATION, STRUCTURLAM MASS TIMBER U.S., INC., NATURAL OUTCOMES, LLC

APPLICATION OF SLP HOLDINGS LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

PETITIONER

AFFIDAVIT

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Attention : Jonathan B. Ross

File No. V56936/JR