# Form 49 [Rule 13.19]

Clerk's Stamp:

**COURT FILE NUMBER** 

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

**DEFENDANTS** 

DOCUMENT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**EDMONTON** 

**ROYAL BANK OF CANADA** 

INDEPENDENT ELECTRIC AND CONTROLS LTD., IEC BUSINESS HOLDINGS INC., SUMMIT CONTROLS (2012) CORP., BLACK KNIGHTS ELECTRIC INC., BRADLEY TURNBULL, BRENT CAMERON ERICKSON and TODD GUY

**AFFIDAVIT** 

DEAN HITESMAN Dentons Canada LLP 2900 Manulife Place 10180 – 101 Street

Edmonton, Alberta T5J 3V5

Ph. (780) 423-7284 Fx. (780) 423-7276

File No.: 125665-8726

#### Sworn on September 28, 2017

I, Arnold Masson, of the City of Calgary in the Province of Alberta, SWEAR AND SAY THAT:

- 1. I am a manager, Special Loans and Advisory Services with Royal Bank of Canada ("RBC"), the Plaintiff in these proceedings, and as such have knowledge of the facts and matters hereinafter deposed to by me, except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.
- 2. RBC is a bank chartered pursuant to the laws of Canada with offices in Edmonton and elsewhere throughout Alberta.
- 3. The Defendants, Independent Electric And Controls Ltd. ("Electric"), IEC Business Holdings Inc. ("IEC"), Summit Controls (2012) Corp. ("Summit"), Black Knights Electric Inc. ("Black Knights"), Bradley Turnbull ("Turnbull"), Brent Cameron Erickson ("Erickson"), and Todd Guy ("Guy") are customers and/or guarantors of customers of RBC. I am currently the person at RBC directly responsible for the administration of the accounts of the Defendants insofar as the matters raised in the Statement of Claim in these proceedings.
- 4. I am authorized to make this Affidavit on behalf of RBC.

#### THE DEFENDANTS

- 5. The Defendant, Electric, is a company incorporated pursuant to the laws of Alberta, with its registered office located in Edmonton, Alberta.
- 6. Attached to my Affidavit and marked as **Exhibit "A"** is a copy of an Alberta Corporate Registry search result for Electric.
- 7. The Defendant, IEC, is a company incorporated pursuant to the laws of Alberta, with its registered office located in Edmonton, Alberta.
- 8. Attached to my Affidavit and marked as **Exhibit "B"** is a copy of an Alberta Corporate Registry search result for IEC.
- 9. The Defendant, Summit, is a company incorporated pursuant to the laws of Alberta, with its registered office located in Edmonton, Alberta.
- 10. Attached to my Affidavit and marked as **Exhibit "C"** is a copy of an Alberta Corporate Registry search result for Summit.
- 11. The Defendant, Black Knights, is a company incorporated pursuant to the laws of Alberta, with its registered office located in Edmonton, Alberta.
- 12. Attached to my Affidavit and marked as **Exhibit "D"** is a copy of an Alberta Corporate Registry search result for Black Knights.
- 13. The Defendant, Turnbull, is an individual who, to the best of RBC's knowledge, resides in Drayton Valley, Alberta.
- 14. The Defendant, Erickson, is an individual who, to the best of RBC's knowledge, resides in Drayton Valley, Alberta.
- 15. The Defendant, Guy, is an individual who, to the best of RBC's knowledge, resides in Drayton Valley, Alberta.
- 16. To the best of RBC's knowledge, Electric was the primary operating corporation amongst the Defendants.

#### **THE LOANS**

- 17. Electric borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, Electric is directly indebted to RBC as follows:
  - (a) Operating Loan: \$6,321,161.21, plus interest thereon from and after September 28, 2017 at RBC's prime interest rate per annum in effect from time to time ("**Prime**") plus 4.5 percent;
  - (b) RBC Visa Account: \$110,476.35 plus interest thereon from and after September 28, 2017 at the rate of 19.99 percent per annum, plus all sums processed through the Visa Account from and after September 28, 2017 (plus applicable interest);

- (c) any further credit or other loan amounts extended or advanced by RBC to Electric from and after September 28, 2017 in RBC's absolute discretion plus interest at the applicable rates as agreed to by Electric and RBC; and
- (d) Legal and consulting costs on a solicitor and own client full indemnity basis, which as at September 28, 2017 amounts to \$72,760.32, plus all legal and consulting costs on a solicitor and own client basis incurred by RBC from and after September 28, 2017.
- 18. All sums payable to RBC referenced in paragraphs (a), (b), (c) and (d) above are collectively referred to in this Statement of Claim as the "Electric Indebtedness".
- 19. Attached to my Affidavit and collectively marked as Exhibit "E" are copies of credit agreements respecting the Electric Indebtedness, which include: (i) Credit Facility Letter dated April 26, 2016; and (ii) Credit Facility Letter dated September 23, 2016 (collectively the "Credit Agreements").
- 20. Attached to my Affidavit and collectively marked as **Exhibit** "**F**" are true copies of entries made in the usual and ordinary course of business of RBC in books or records which were at the time of the making of the entries one of the ordinary books or records of RBC. The books or records are in the custody and control of RBC. **Exhibit** "**F**" evidences the Electric Indebtedness and the guaranteed indebtedness set out in paragraphs 23 to 49 and evidenced by Exhibits "E" and "G" through "M" inclusive of my Affidavit.
- 21. The indebtedness of Electric to RBC pursuant to paragraphs 17.(a),(c), and (d) is payable upon demand.
- 22. The above-referenced RBC Visa Account indebtedness of Electric to RBC is fully due and payable.

#### **GUARANTEED INDEBTEDNESS**

#### IEC Guaranteed Indebtedness

- 23. On or about December 2, 2013, IEC granted to RBC a Guarantee and Postponement of Claim (the "First IEC Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$14,000,000.00 on demand, plus interest at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis.
- 24. Attached to my Affidavit and marked as **Exhibit "G"** is a copy of the First IEC Guarantee.
- 25. On or about June 19, 2015, IEC granted to RBC a Guarantee and Postponement of Claim (the "Second IEC Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$12,500,000.00 on demand, plus interest at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis.
- 26. Attached to my Affidavit and marked as Exhibit "H" is a copy of the Second IEC Guarantee.
- The First IEC Guarantee and the Second IEC Guarantee are collectively referred to in this Affidavit as the "IEC Guarantees".

- 28. As described above, the Electric Indebtedness is in the amount of \$6,504,397.87 as at September 28, 2017. Thus, IEC is indebted to RBC pursuant to the IEC Guarantees in the amount of \$6,504,397.87 as at September 28, 2017, plus interest thereafter and costs in accordance with the terms of the IEC Guarantees (the "IEC Guaranteed Indebtedness")
- 29. The IEC Guaranteed Indebtedness is payable upon demand.

#### Summit Guaranteed Indebtedness

- 30. On or about June 19, 2015, Summit granted to RBC a Guarantee and Postponement of Claim (the "Summit Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$12,500,000.00 on demand, plus interest at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis.
- 31. Attached to my Affidavit and marked as **Exhibit "I"** is a copy of the Summit Guarantee.
- 32. As described above, the Electric Indebtedness is in the amount of \$6,504,397.87 as at September 28, 2017. Thus, Summit is indebted to RBC pursuant to the Summit Guarantee in the amount of \$6,504,397.87 as at September 28, 2017, plus interest thereafter and costs in accordance with the terms of the Summit Guarantee (the "Summit Guaranteed Indebtedness").
- 33. The Summit Guaranteed Indebtedness is payable upon demand.

#### **Black Knights Guaranteed Indebtedness**

- 34. On or about June 19, 2015, Black Knights granted to RBC a Guarantee and Postponement of Claim (the "Black Knights Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$12,500,000.00 on demand, plus interest at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis.
- 35. Attached to my Affidavit and marked as Exhibit "J" is a copy of the Black Knights Guarantee.
- 36. As described above, the Electric Indebtedness is in the amount of \$6,504,397.87 as at September 28, 2017. Thus, Black Knights is indebted to RBC pursuant to the Black Knights Guarantee in the amount of \$6,504,397.87 as at September 28, 2017, plus interest thereafter and costs in accordance with the terms of the Black Knights Guarantee (the "Black Knights Guaranteed Indebtedness").
- 37. The Black Knights Guaranteed Indebtedness is payable upon demand.

## **Turnbull Guaranteed Indebtedness**

- 38. On or about May 5, 2009, Turnbull granted to RBC a Guarantee and Postponement of Claim (the "Turnbull Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$500,000.00 on demand, plus interest at Prime plus 1 %, plus costs on a solicitor and own client basis.
- 39. Attached to my Affidavit and marked as **Exhibit "K"** is a copy of the Turnbull Guarantee.

- 40. As described above, the Electric Indebtedness is in the amount of \$6,504,397.87 as at September 28, 2017, which exceeds the principal amount of the Turnbull Guarantee. Thus, Turnbull is indebted to RBC pursuant to the Turnbull Guarantee in the amount of \$500,000.00, plus interest and costs in accordance with the terms of the Turnbull Guarantee (the "Turnbull Guaranteed Indebtedness").
- 41. The Turnbull Guaranteed Indebtedness is payable upon demand.

#### Erickson Guaranteed Indebtedness

- 42. On or about May 5, 2009, Erickson granted to RBC a Guarantee and Postponement of Claim (the "Erickson Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$500,000.00 on demand, plus interest at Prime plus 1 %, plus costs on a solicitor and own client basis.
- 43. Attached to my Affidavit and marked as **Exhibit "L"** is a copy of the Erickson Guarantee.
- 44. As described above, the Electric Indebtedness is in the amount of \$6,504,397.87 as at September 28, 2017, which exceeds the principal amount of the Erickson Guarantee. Thus, Erickson is indebted to RBC pursuant to the Erickson Guarantee in the amount of \$500,000.00, plus interest and costs in accordance with the terms of the Erickson Guarantee (the "Erickson Guaranteed Indebtedness").
- 45. The Erickson Guaranteed Indebtedness is payable upon demand.

#### Guy Guaranteed Indebtedness

- 46. On or about May 5, 2009, Guy granted to RBC a Guarantee and Postponement of Claim (the "Guy Guarantee"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$500,000.00 on demand, plus interest at Prime plus 1 %, plus costs on a solicitor and own client basis.
- 47. Attached to my Affidavit and marked as **Exhibit "M"** is a copy of the Guy Guarantee.
- 48. As described above, the Electric Indebtedness is in the amount of \$6,504,397.87 as at September 28, 2017, which exceeds the principal amount of the Guy Guarantee. Thus, Guy is indebted to RBC pursuant to the Guy Guarantee in the amount of \$500,000.00, plus interest and costs in accordance with the terms of the Guy Guarantee (the "Guy Guaranteed Indebtedness").
- 49. The Guy Guaranteed Indebtedness is payable upon demand.

#### **SECURITY**

#### **Electric Security**

50. On or about July 14, 2003, Electric granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Electric's customers, deeds, documents of title and chattel paper,

- intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "First Electric GSA"). The First Electric GSA secures all of the Electric Indebtedness.
- 51. Attached to my Affidavit and marked as **Exhibit "N"** is a copy of the First Electric GSA.
- 52. On or about May 5, 2009, Electric granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Electric's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "Second Electric GSA"). The Second Electric GSA secures all of the Electric Indebtedness.
- 53. Attached to my Affidavit and marked as Exhibit "O" is a copy of the Second Electric GSA.
- On or about May 5, 2009, Electric granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Electric's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "Third Electric GSA"). The Third Electric GSA secures all of the Electric Indebtedness.
- 55. Attached to my Affidavit and marked as Exhibit "P" is a copy of the Third Electric GSA.
- RBC has perfected its security interests created by the First Electric GSA, the Second Electric GSA and the Third Electric GSA (collectively the "Electric GSAs").
- Attached to my Affidavit and marked as **Exhibit "Q"** is a copy of an Alberta Personal Property Registry search result with respect to Electric, which demonstrates that the security interests granted by Electric to RBC pursuant to the Electric GSAs were perfected by registrations at the Personal Property Registry for the Province of Alberta on May 13, 2009.

## **IEC Security**

- On or about December 2, 2013, IEC granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of IEC's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "First IEC GSA"). The First IEC GSA secures all of the IEC Guaranteed Indebtedness.
- 59. Attached to my Affidavit and marked as **Exhibit "R"** is a copy of the First IEC GSA.
- On or about June 19, 2015, IEC granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of IEC's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "Second IEC GSA"). The Second IEC GSA secures all of the IEC Guaranteed Indebtedness.

- 61. Attached to my Affidavit and marked as Exhibit "S" is a copy of the Second IEC GSA.
- 62. On or about May 19, 2016, IEC granted to RBC Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to IEC as security for all and every indebtedness, present and future of Electric and IEC, or either of them, to RBC (the "IEC Postponement and Assignment").
- 63. Attached to my Affidavit and marked as **Exhibit "T"** is a copy of the IEC Postponement and Assignment.
- 64. The First IEC Guarantee and the Second IEC Guarantee also contain an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to IEC.
- RBC has perfected its security interest created by the First IEC GSA, the Second IEC GSA (collectively the "IEC GSAs") the IEC Postponement and Assignment and the assignment and postponements contained in the First IEC Guarantee and the Second IEC Guarantee.
- 66. Attached to my Affidavit and marked as **Exhibit "U"** is a copy of an Alberta Personal Property Registry search result with respect to IEC, which demonstrates that the security interest granted pursuant to the IEC GSAs, the IEC Postponement and Assignment and the assignment and postponements contained in the First IEC Guarantee and the Second IEC Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on May 13, 2015.

#### Summit Security

- On or about June 19, 2015, Summit granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Summit's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "Summit GSA"). The Summit GSA secures all of the Summit Guaranteed Indebtedness.
- 68. Attached to my Affidavit and marked as **Exhibit "V"** is a copy of the Summit GSA.
- 69. The Summit Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Summit.
- 70. RBC has perfected its security interest created by the Summit GSA and the assignment and postponements contained in the Summit Guarantee.
- 71. Attached to my Affidavit and marked as **Exhibit "W"** is a copy of an Alberta Personal Property Registry search result with respect to Summit, which demonstrates that the security interest granted pursuant to the Summit GSA and the assignment and postponement contained in the Summit Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on May 13, 2015.

## **Black Knights Security**

- 72. On or about June 19, 2015, Black Knights granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Black Knights customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "Black Knights GSA"). The Black Knights GSA secures all of the Black Knights Guaranteed Indebtedness.
- 73. Attached to my Affidavit and marked as Exhibit "X" is a copy of the Black Knights GSA.
- 74. The Black Knights Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Black Knights.
- 75. RBC has perfected its security interest created by the Black Knights GSA and the assignment and postponements contained in the Black Knights Guarantee.
- 76. Attached to my Affidavit and marked as **Exhibit "Y"** is a copy of an Alberta Personal Property Registry search result with respect to Black Knights, which demonstrates that the security interest granted pursuant to the Black Knights GSA and the assignment and postponements contained in the Black Knights Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on May 13, 2015.

### **Turnbull Security**

- 77. On or about May 19, 2016, Turnbull granted to RBC a Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to Turnbull as security for all and every indebtedness, present and future of Electric and Turnbull, or either of them, to RBC (the "Turnbull Postponement and Assignment").
- 78. Attached to my Affidavit and marked as **Exhibit "Z"** is a copy of the Turnbull Postponement and Assignment.
- 79. The Turnbull Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Turnbull.
- 80. RBC has perfected its security interest created by the Turnbull Postponement and Assignment and the assignment and postponement contained in the Turnbull Guarantee.
- 81. Attached to my Affidavit and marked as **Exhibit "AA"** is a copy of an Alberta Personal Property Registry search result with respect to Turnbull, which demonstrates that the security interest granted pursuant to the Turnbull Postponement and Assignment and the assignment and postponement contained in the Turnbull Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on September 28, 2017.

## **Erickson Security**

82. On or about May 19, 2016, Erickson granted to RBC a Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to Erickson as security for all and every indebtedness, present and future of Electric and Erickson, or either of them, to RBC (the "Erickson Postponement and Assignment").

- 83. Attached to my Affidavit and marked as **Exhibit "BB"** is a copy of the Erickson Postponement and Assignment.
- 84. The Erickson Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Erickson.
- 85. RBC has perfected its security interest created by the Erickson Postponement and Assignment and the assignment and postponement contained in the Erickson Guarantee.
- 86. Attached to my Affidavit and marked as **Exhibit "CC"** is a copy of an Alberta Personal Property Registry search result with respect to Erickson, which demonstrates that the security interest granted pursuant to the Erickson Postponement and Assignment and the assignment and postponement contained in the Erickson Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on September 28, 2017.

#### **Guy Security**

- 87. On or about May 19, 2016, Guy granted to RBC a Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to Guy as security for all and every indebtedness, present and future of Electric and Guy, or either of them, to RBC (the "Guy Postponement and Assignment").
- 88. Attached to my Affidavit and marked as **Exhibit "DD"** is a copy of the Guy Postponement and Assignment.
- 89. The Guy Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Guy.
- 90. RBC has perfected its security interest created by the Guy Postponement and Assignment and the assignment and postponement contained in the Guy Guarantee.
- 91. Attached to my Affidavit and marked as **Exhibit "EE"** is a copy of an Alberta Personal Property Registry search result with respect to Guy, which demonstrates that the security interest granted pursuant to the Guy Postponement and Assignment and the assignment and postponement contained in the Guy Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on September 28, 2017.

#### THE DEMANDS AND DEFAULT

- 92. On or about September 12, 2017, RBC did demand payment of the Electric Indebtedness, the IEC Guaranteed Indebtedness, the Summit Guaranteed Indebtedness, the Black Knights Guaranteed Indebtedness, the Turnbull Guaranteed Indebtedness, the Erickson Guaranteed Indebtedness and the Guy Guaranteed Indebtedness and did serve on Electric, IEC, Summit and Black Knights a Notice of Intention to Enforce Security pursuant to Section 244 of the Bankruptcy and Insolvency Act, RSC 1985, c B-3. The time periods applicable to the demands and to each of such notices have expired.
- 93. Attached to my Affidavit and marked as **Exhibit "FF"** is a copy of the Affidavit of Service of such demands and notices.

- 94. The Defendants, and each of them, have failed or neglected and continue to fail or neglect to pay to RBC the Electric Indebtedness, the IEC Guaranteed Indebtedness, the Summit Guaranteed Indebtedness the Black Knights Guaranteed Indebtedness, the Turnbull Guaranteed Indebtedness, the Erickson Guaranteed Indebtedness and the Guy Guaranteed Indebtedness.
- 95. The Electric Indebtedness is fully due, owing and payable to RBC.
- 96. The IEC Guaranteed Indebtedness, the Summit Guaranteed Indebtedness, the Black Knights Guaranteed Indebtedness, the Turnbull Guaranteed Indebtedness, the Erickson Guaranteed Indebtedness and the Guy Guaranteed Indebtedness are fully due, owing and payable to RBC pursuant to the terms of the IEC Guarantees, the Summit Guarantee, the Black Knights Guarantee, the Turnbull Guarantee, the Erickson Guarantee and the Guy Guarantee.
- 97. Default has been made in payment of the principal sum and interest secured by the terms of the Electric GSAs, the IEC GSAs, the IEC Postponement and Assignment, the Summit GSA, the Black Knights GSA, the Turnbull Postponement and Assignment, the Erickson Postponement and Assignment, the Guy Postponement and Assignment, and all of the assignments and postponements contained in the guarantees referred to in this Affidavit.

### 98. <u>ELECTRIC FINANCIAL CONCERNS</u>

- 99. Pursuant to the Credit Agreements, Electric covenanted, *inter alia*, to comply with a margin limit, as set out in the Credit Agreements, with respect to the indebtedness of Electric to RBC under the "Operating Loan" referenced above at paragraphs 17, 18 and 19. The approved limit of Electric's operating loan is \$6,000,000.00 (the "Approved Limit").
- 100. Electric has borrowed funds in excess of the Approved Limit by \$596,017.36 as at September 27, 2017.
- 101. Pursuant to the Credit Agreements, Electric covenanted, *inter alia*, to maintain on a consolidated basis, to be measured as at the end of each month:
  - (a) A Current Ratio of not less than 1.25:1; and
  - (b) A ratio of Funded Debt to Tangible Net Worth of not greater than 2:1.

(the "Financial Covenants")

- 102. Electric is in breach of its Financial Covenants as follows:
  - (a) Current Ratio: 0.62:1
  - (b) Funded Debt to Tangible Net Worth: -1.91:1
- 103. I am advised by Calvin Shulha of Alveraz & Marsal Canada ULC, who has been acting as a consultant to RBC with respect to the business affairs of Electric and IEC, and do verily believe that the cash flow position of Electric has deteriorated significantly since reviewing Electric's last cash flow statements provided by Electric and that a project that Electric had represented on its cash flow statements to be a significant and material account receivable is no longer expected to generate any material cash flow.

- 104. I have reviewed Electric's cash flow statements which demonstrate that Electric will not have sufficient cash flow to meet its payroll obligations which are due and owing on Friday September 29, 2017. According to Electric's cash flow statements, Electric's payroll obligations that are proposed to be funded on Friday September 29, 2017 are as follows:
  - (a) Remittance to Canada Revenue Agency for source deductions \$143,585.41;
  - (b) Employee payroll liability \$313,331.14; and
  - (c) Total \$456,919.55

(the "Payroll Obligations")

- 105. Since the balance of Electric's operating line exceeds the Approved Limit, Electric will not have the ability to utilize the operating line to fund the Payroll Obligations, and based upon Electric's financial information that I have reviewed, I do not believe Electric has the liquidity to otherwise fund the Payroll Obligations. I have been advised by Mr. Shulha that Electric currently employs approximately 150 people.
- 106. I am advised by Mr. Shulha and do verily believe that the business operations of Electric, IEC, Summit and Black Knights (collectively, the "Corporate Defendants") are spread out over multiple jurisdictions including British Columbia, Alberta and possibly Saskatchewan.

#### **APPOINTMENT OF RECEIVER**

- 107. The Defendants are in default of their respective obligations to RBC.
- 108. The time periods applicable to the demands and notices regarding the security have expired and the Defendants are in default of their obligations to RBC under the security granted by them and have not satisfied such demands.
- 109. The Electric GSAs, the IEC GSAs, the Summit GSA and the Black Knights GSA provide for the appointment of a Receiver or a Receiver and Manager in the event of default with respect to the obligations owed in favour of RBC.
- 110. As described above at paragraphs 99 to 105, Electric's financial position has deteriorated and Electric is in default of its obligations to RBC, including, without limitation, it has borrowed from the operating loan in excess of the Approved Limit by more than \$500,000.00 and it is in breach of its Financial Covenants.
- 111. It is likely that Electric will be unable to fund the Payroll Obligations which, if this occurs, will affect approximately 150 employees and likely seriously jeopardize Electric's ability to operate the business.
- 112. I am respectfully of the view that Electric's deteriorating financial position reflects an increasing deterioration in the ability of Electric to repay its obligations to RBC in a timely manner, including its payroll obligations.
- 113. RBC has lost confidence in the ability of the management of the Corporate Defendants to continue to operate the businesses of the Corporate Defendants.

- 114. Moreover, and as a result of all of the facts herein deposed to, I (and RBC through extension) no longer have confidence in the management of the Corporate Defendants, who are generally the same persons for each of the Corporate Defendants.
- 115. I am respectfully of the view that it is just and convenient to appoint a Receiver in these circumstances since Electric operates in multiple jurisdictions which could make it impractical for RBC to enforce on its security without the assistance of a Receiver.
- 116. I am also respectfully of the view that it is just and convenient to appoint a Receiver in these circumstances, and that such an appointment is necessary for the protection of the estates of the Corporate Defendants and for the protection of the interests of RBC.
- 117. I have spoken to Calvin Shulha of Alvarez & Marsal Canada Inc. regarding that firm acting as a Receiver of the undertaking, property and assets of the Corporate Defendants. Mr. Shulha has advised that Alvarez & Marsal Canada Inc. is prepared to consent to act as Receiver in this matter. RBC supports the appointment of Alvarez & Marsal Canada Inc. as the Receiver of the undertakings, property and assets of the Corporate Defendants.
- 118. I make this Affidavit *bona fide* in support of an application for the appointment of a Receiver in respect of the undertakings, property and assets of the Corporate Defendants.

SWORN (OR AFFIRMED) BEFORE ME

at the City of Calgary, in the Province of
Alberta, this 28<sup>th</sup> day of September, 2017.

Commissioner for Oaths in and for the
Province of Alberta

Tessa MacLeod
Student-At-Law

Arnold Masson

Arnold Masson

PRINT NAME AND EXPIRY LAWYER/STUDENT-AT-LAW

# This is Exhibit "A" referred to in the Affidavit of Arnold Masson

Sworn before me this 26th day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

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

Date of Search:

2017/05/29

Time of Search:

09:34 AM

Search provided by:

DENTONS CANADA LLP

Service Request Number:

27100439

Customer Reference Number: 125665.Independent/RCR

Corporate Access Number: 2010460182

Legal Entity Name:

INDEPENDENT ELECTRIC AND CONTROLS LTD.

Legal Entity Status:

Active

Alberta Corporation Type: Named Alberta Corporation

Registration Date:

2003/05/08 YYYY/MM/DD

## Registered Office:

Street:

2800, 10060 JASPER AVENUE

City:

EDMONTON

Province:

ALBERTA

Postal Code:

T5J 3V9

#### Records Address:

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J 3V9

#### **Directors:**

Last Name:

**ERICKSON** 

First Name:

BRENT

Street/Box Number: SITE 452, BOX 2, COMP. 2, RR 2

City:

DRATYON VALLEY

Province:

**ALBERTA** 

Postal Code:

T7A 2A2

Last Name:

**GUY** 

First Name:

**QUENTON** 

Middle Name:

TODD

Street/Box Number: 4401-38 STREET

City:

DRAYTON VALLEY

Province:

ALBERTA

**Postal Code:** 

T7A 1V9

Last Name:

TURNBULL

First Name:

BRADLEY

Street/Box Number: 4813 BECKETT ROAD

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 1E7

## **Voting Shareholders:**

Legal Entity Name:

IEC BUSINESS HOLDINGS INC.

Corporate Access Number: 2014672204

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

Postal Code:

T5J 3V9

Percent Of Voting Shares: 100

## **Details From Current Articles:**

## The information in this legal entity table supersedes equivalent electronic attachments

**Share Structure:** 

SEE ATTACHED SCHEDULE A

Share Transfers Restrictions: SEE SCHEDULE "B".

Min Number Of Directors:

7

Max Number Of Directors:

NONE

**Business Restricted To: Business Restricted From:** 

NONE

Other Provisions:

SEE SCHEDULE "C".

# Holding Shares In:

Legal Entity Name
344109 ALBERTA LTD.
KYRIOS CONTROLS LTD.

# Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
COOL-LINE REFRIGERATION	TN17156266
INDEPENDENT AUTOMATION SOLUTIONS	TN15148695
INDEPENDENT OPERATIONS GROUP (IOG)	TN17850199

## Other Information:

## Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2016	2016/12/06

## Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2003/05/08	Incorporate Alberta Corporation
2008/12/01	Change Director / Shareholder
2009/02/09	Change Address
2012/05/30	Name/Structure Change Alberta Corporation
	Enter Annual Returns for Alberta and Extra-Provincial Corp.

## Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2003/05/08
Other Rules or Provisions	ELECTRONIC	2003/05/08
Share Structure	ELECTRONIC	2003/05/20
Restrictions on Share Transfers	ELECTRONIC	2003/05/20

Other Rules or Provisions	ELECTRONIC	2003/05/20
Share Structure	ELECTRONIC	2012/05/30
Shares in Series	ELECTRONIC	2012/05/30

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



This is Exhibit "B" referred to in the Affidavit of Arnold Masson

Sworn before me this <u>20m</u> day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



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

Date of Search:

2017/05/29

Time of Search:

09:36 AM

Search provided by:

DENTONS CANADA LLP

Service Request Number:

27100471

Customer Reference Number: 125665.Independent/RCR

Corporate Access Number: 2016818086

Legal Entity Name:

IEC BUSINESS HOLDINGS INC.

Legal Entity Status:

Active

Alberta Corporation Type: Named Alberta Corporation

Method of Registration:

Amalgamation

Registration Date:

2012/06/01 YYYY/MM/DD

Registered Office:

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

**Postal Code:** 

T5J 3V9

Records Address:

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

**Postal Code:** 

T5J 3V9

Directors:

Last Name:

**ERICKSON** 

First Name:

BRENT

Middle Name:

C.

Street/Box Number: SITE 452, BOX 2, COMP 2, R.R. 2

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 2A2

Last Name:

**GUY** 

First Name:

TODD

Street/Box Number: PO BOX 6764

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 1S2

Last Name:

TURNBULL

First Name:

BRAD

Street/Box Number: 4813 BECKETT ROAD

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 1E7

## Voting Shareholders:

Legal Entity Name:

1033179 ALBERTA LTD.

Corporate Access Number: 2010331797

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

**Postal Code:** 

T5J 3V9

Percent Of Voting Shares: 20.968

Legal Entity Name:

1118483 ALBERTA LTD.

Corporate Access Number: 2011184831

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

Postal Code:

T5J 3V9

Percent Of Voting Shares: 7.858

Legal Entity Name:

1509233 ALBERTA LTD.

Corporate Access Number: 2015092337

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J3V9

Percent Of Voting Shares: 20.968

Legal Entity Name:

574167 ALBERTA LTD.

Corporate Access Number: 205741671

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J3V9

Percent Of Voting Shares: 8.818

Legal Entity Name: GUY FAMILY HOLDINGS LTD.

Corporate Access Number: 2014828434

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

Postal Code:

T5J 3V9

Percent Of Voting Shares: 20.968

#### **Details From Current Articles:**

# The information in this legal entity table supersedes equivalent electronic attachments

**Share Structure:** 

SEE ATTACHED SCHEDULE "A"

Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B"

Min Number Of Directors:

1

Max Number Of Directors: 13

NONE

**Business Restricted To: Business Restricted From:** 

NONE

Other Provisions:

SEE ATTACHED SCHEDULE "C"

## Holding Shares In:

Legal Entity Name

SUMMIT CONTROLS (2012) CORP.

BUCK LAKE PEAKER GROUP (GP) LTD

## Other Information:

## **Amalgamation Predecessors:**

Corporate Access Number	Legal Entity Name
2015810035	1581003 ALBERTA LTD.
2014672204	IEC BUSINESS HOLDINGS INC.

## Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2015	2015/08/17

# Outstanding Returns:

Annual returns are outstanding for the 2016 file year(s).

## Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/06/01	Amalgamate Alberta Corporation
2014/09/09	Name/Structure Change Alberta Corporation
2015/02/26	Change Director / Shareholder
2015/08/17	Enter Annual Returns for Alberta and Extra-Provincial Corp.

## Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/06/01
Restrictions on Share Transfers	ELECTRONIC	2012/06/01
Other Rules or Provisions	ELECTRONIC	2012/06/01
Shares in Series	ELECTRONIC	2012/06/01
Amalgamation Agreement	10000006102460830	2012/06/01
Statutory Declaration	10000206102461678	2012/06/01
Share Structure	ELECTRONIC	2014/09/09
Shares in Series	ELECTRONIC	2014/09/09

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



# This is Exhibit "C" referred to in the Affidavit of Arnold Masson

Sworn before me this <u>25th</u> day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



Date of Search:

2017/05/31

Time of Search:

02:01 PM

Search provided by:

DENTONS CANADA LLP

Service Request Number:

27120106

Customer Reference Number: 125665.8726

Corporate Access Number: 2016751584

Legal Entity Name:

SUMMIT CONTROLS (2012) CORP.

Legal Entity Status:

Active

Alberta Corporation Type: Named Alberta Corporation

Method of Registration:

Amalgamation

Registration Date:

2012/05/01 YYYY/MM/DD

## Registered Office:

Street:

2800, 10060 JASPER AVENUE

Citv:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J 3V9

#### Records Address:

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J 3V9

#### Directors:

Last Name:

**ERICKSON** 

First Name:

**BRENT** 

Street/Box Number: SITE 452, BOX 2, COMP. 2, RR2

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 2A2

Last Name:

**GUY** 

First Name:

TODD

Street/Box Number: 4401 - 38 STREET

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 1V9

Last Name:

TURNBULL

First Name:

**BRAD** 

Street/Box Number: 4813 BECKETT ROAD

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 1E8

## Voting Shareholders:

Legal Entity Name:

IEC BUSINESS HOLDINGS INC.

Corporate Access Number: 2016818086

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

Postal Code:

T5J 3V9

Percent Of Voting Shares: 100

#### **Details From Current Articles:**

## The information in this legal entity table supersedes equivalent electronic attachments

**Share Structure:** 

SEE ATTACHED SCHEDULE "A"

Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B"

Min Number Of Directors:

1 7

Max Number Of Directors: **Business Restricted To:** 

NONE

**Business Restricted From:** 

NONE

Other Provisions:

SEE ATTACHED SCHEDULE "C"

## Other Information:

## **Amalgamation Predecessors:**

Corporate Access Number Legal Entity Name		
209459718	945971 ALBERTA LTD.	
2011663099	SUMMIT CONTROLS CORP.	

## Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2016	2016/12/06

## Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/05/01	Amalgamate Alberta Corporation
2016/12/06	Enter Annual Returns for Alberta and Extra-Provincial Corp.

## Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/05/01
Restrictions on Share Transfers	ELECTRONIC	2012/05/01
Other Rules or Provisions	ELECTRONIC	2012/05/01
Statutory Declaration	10000306102461673	2012/05/01

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



# This is Exhibit "D" referred to in the Affidavit of Arnold Masson

Sworn before me this 28th day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

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

Date of Search:

2017/05/31

Time of Search:

02:03 PM

Search provided by:

DENTONS CANADA LLP

Service Request Number:

27120153

Customer Reference Number: 125665.8726

Corporate Access Number: 2013397001

Legal Entity Name:

BLACK KNIGHTS ELECTRIC INC.

Legal Entity Status:

Active

Alberta Corporation Type: Named Alberta Corporation

**Registration Date:** 

2007/07/26 YYYY/MM/DD

## Registered Office:

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

ALBERTA

Postal Code:

T5J 3V9

#### Records Address:

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J 3V9

#### Directors:

Last Name:

**ERICKSON** 

First Name:

**BRENT** 

Street/Box Number: SITE 452, BOX 2, COMP. 2, RR2

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 2A2

Last Name:

**GUY** 

First Name:

TODD

Street/Box Number: BOX 6764

City:

DRAYTON VALLEY

Province:

ALBERTA

Postal Code:

T7A 1R7

Last Name:

TURNBULL

First Name:

**BRAD** 

Street/Box Number: 4813 BECKETT ROAD

City:

DRAYTON VALLEY

**Province:** 

ALBERTA

Postal Code:

T7A 1E8

## **Voting Shareholders:**

Legal Entity Name:

IEC BUSINESS HOLDINGS INC.

Corporate Access Number: 2014672204

Street:

2800, 10060 JASPER AVENUE

City:

**EDMONTON** 

Province:

**ALBERTA** 

Postal Code:

T5J 3V9

Percent Of Voting Shares: 100

## **Details From Current Articles:**

## The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: UNLIMITED CLASS "A" COMMON VOTING SHARES. UNLIMITED

CLASS "B" COMMON VOTING SHARES.UNLIMITED CLASS "C"

COMMON NON-VOTING SHARES. UNLIMITED CLASS "D" PREFERRED

NON-VOTING SHARES.

**Share Transfers** 

SHARE TRANSFERS SHALL BE SUBJECT TO THE TERMS OF ANY

**Restrictions:** 

UNANIMOUS SHAREHOLDERS AGREEMENT AND SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS.

Min Number Of

Directors:



Max Number Of 12

Directors:

**Business** 

THERE ARE NO RESTRICTIONS ON THE BUSINESS THE CORPORATION

Restricted To:

MAY CARRY ON.

Business Restricted

THERE ARE NO RESTRICTIONS ON THE BUSINESS THE CORPORATION

From:

MAY CARRY ON.

Other

Provisions:

THE LIABILITY OF THE MEMBERS IS LIMITED.

## Other Information:

## Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2016	2016/12/08

## Filing History:

List Date (YYYY/MM/DD	Type of Filing	
2007/07/26	Incorporate Alberta Corporation	
2011/05/11	Change Address	
2011/05/11	Change Director / Shareholder	
2016/12/08	Enter Annual Returns for Alberta and Extra-Provincial Corp.	

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



This is Exhibit "E" referred to in the Affidavit of Arnold Masson

Sworn before me this 28th day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



Royal Bank of Canada Commercial Financial Services 9034 51<sup>st</sup> Avenue Edmonton, Alberta T6E 5X4

April 26, 2016

Private and Confidential

INDEPENDENT ELECTRIC AND CONTROLS LTD. PO Box 6247 Station Main Drayton Valley, AB T7A 1R7

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated December 22, 2015 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or event of default.

BORROWER: Independent Electric And Controls Ltd. (the "Borrower")

## CREDIT FACILITIES

Facility #1: \$6,500,000.00 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	\$10,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 3.55%

#### **AVAILABILITY**

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "Borrowing Limit"):

- a) 75% of Good Accounts Receivable;
- b) 90% of Good EDC Accounts Receivable; and

SRF #976 790 253

Registered Trademark of Royal Bank of Canada

 to a maximum of \$1,000,000.00, 50% of the lesser of cost or net realizable value of Finished Goods Inventory.

#### REPAYMENT

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

#### GENERAL ACCOUNT

The Borrower shall establish a current account with the Bank (the "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of the General Account and:

 a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans under this facility;

b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans under this facility.

#### OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "Other Facilities"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

a) VISA Business to a maximum amount of \$400,000.00.

#### FEES

#### One Time Fee:

Payable upon acceptance of this Agreement or as agreed upon between the Borrower and the Bank.

#### Monthly Fee:

Payable in arrears on the same day of each month.

Review Fee: \$1,500.00 Management Fee: \$750.00

#### SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "Security"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$500,000.00 signed by Todd Guy;
- Guarantee and postponement of claim on the Bank's form 812 in the amount of \$500,000.00 signed by Bradley Turnbull;
- d) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$500,000.00 signed by Brent Cameron Erickson;
- e) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$14,000,000.00 signed by IEC Business Holdings Inc.;
- f) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$12,500,000.00 signed by IEC Business Holdings Inc., supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of IEC Business Holdings Inc.;

- g) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$12,500,000.00 signed by Black Knights Electric Inc., supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of Black Knights Electric Inc.;
- h) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$12,500,000.00 signed by Summit Controls (2012) Corp., supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of Summit Controls (2012) Corp;
- i) Priority agreement between the Bank, the Borrower and Canadian Western Bank;
- j) Postponement and assignment of claim on the Bank's form 918 signed by IEC Business Holdings Inc.;
- k) Postponement and assignment of claim on the Bank's form 918 signed by Todd Guy;
- Postponement and assignment of claim on the Bank's form 918 signed by Bradley Turnbull;
   and
- m) Postponement and assignment of claim on the Bank's form 918 signed by Brent Cameron Erickson.

#### FINANCIAL COVENANTS

In the event that the Borrower or IEC Business Holdings Inc. changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, IEC Business Holdings Inc. covenants and agrees with the Bank that IEC Business Holdings Inc. will:

- a) commencing June 30, 2016, maintain on a consolidated basis, to be measured as at the end of each month;
  - i. a Current Ratio of not less than 1.25:1; and
  - ii. a ratio of Funded Debt to Tangible Net Worth of not greater than 2:1.

#### REPORTING REQUIREMENTS

The Borrower and IEC Business Holdings Inc. will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate, substantially in the form of Schedule "G" signed on behalf of the Borrower by any one of the Chief Executive Officer, the President, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 20 days of each month end;
- b) monthly company prepared financial statements for the Borrower, within 20 days of each month end;
- c) monthly income statement forecast for the Borrower, within 30 days of each month end;
- annual forecasted balance sheet and income and cash flow statements for the Borrower, prepared on a quarterly basis for the next following fiscal year within 90 days of each fiscal year end;
- annual review engagement financial statements for the Borrower, within 90 days of each fiscal year end;

- f) annual review engagement consolidated financial statements for IEC Business Holdings Inc., within 90 days of each fiscal year end;
- annual personal statement of affairs for Bradley Turnbull and Brent Cameron Erickson, within 90 days of the end of every fiscal year of the Borrower, commencing with the fiscal year ending in 2017;
- biennial personal statement of affairs for Todd Guy, within 90 days of the end of every second fiscal year of the Borrower, commencing with the fiscal year ending in 2017; and
- such other financial and operating statements and reports as and when the Bank may reasonably require.

#### **CONDITIONS PRECEDENT**

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

#### Additionally;

 e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

#### **BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan

coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

# **GOVERNING LAW JURISDICTION**

Province of Alberta.

ACCEPTANCE

Name: Title:

This Agreement is open for acceptance until May 26, 2016, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA Per: Name: Arnold Masson Title: Account Manager /mm We acknowledge and accept the terms and conditions of this Agreement \_day of INDEPENDENT ELECTRIC AND CONTROLS LTD. Per: Name: Title: Per:

ERICIL SO~

I/We have the authority to bind the Borrower

DIRECTOR

As Guarantor, we acknowledge and accept the terms and conditions of this Agreement on this
9 day of 17 lbu , 2016.
J.
EC BUSINESS HOLDĪNGS INC.
= 0 11 00
Per:
Name:
Title:
Per.
Name:
Title:
nue.

I/We have the authority to bind the Guarantor

# \attachments:

Terms and Conditions

# Schedules:

- Definitions

- Calculation and Payment of Interest and Fees Borrowing Limit Certificate RBC Covarity Dashboard Terms and Conditions

#### **TERMS AND CONDITIONS**

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

#### REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("Reducing Term Loan/Facility"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("Renewal Letter") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

#### **PREPAYMENT**

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

#### **EVIDENCE OF INDEBTEDNESS**

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.



### **GENERAL COVENANTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower.

a) will pay all sums of money when due under the terms of this Agreement;

will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security;

c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;

 will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent

of the Bank;

e) will comply with all Applicable Laws, including, without limitation, all Environmental and

Health and Safety Laws;

f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;

g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set

out under Reporting Requirements;

 will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms

of this Agreement;

i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;

 except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest

or other encumbrance affecting any of its properties, assets or other rights;

 will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;

will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;

m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter

into any other form of business combination with any other Person;

n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and

will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other

than the Borrower.

#### FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall

indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

#### **GENERAL INDEMNITY**

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

#### AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. IEC Business Holdings Inc. agrees that the amendment or waiver of any provision of this Agreement (other than agreement, covenants or representations expressly made by IEC Business Holdings Inc. herein, if any) may be made without and does not require the consent or agreement of or notice to, IEC Business Holdings Inc. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

#### SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

#### GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

#### SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

#### **GOVERNING LAW**

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada

applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

#### **DEFAULT BY LAPSE OF TIME**

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

#### SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

#### NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

### CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

### **NON-MERGER**

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

#### JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

## COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

#### **ELECTRONIC MAIL AND FAX TRANSMISSION**

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

#### **ELECTRONIC IMAGING**

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the

Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

#### REPRESENTATIONS AND WARRANTIES

Each of the Borrower and IEC Business Holdings Inc. represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing hereunder.

#### LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

#### WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

#### **EXCHANGE RATE FLUCTUATIONS**

If, for any reason, the amount of Borrowings outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

#### JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "Judgement Currency") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due

under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

#### Schedule "A"

#### **DEFINITIONS**

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility and all such usages outstanding at any time are "Borrowings";

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Business Loan Insurance Plan" means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Current Assets" means, at any time, those assets ordinarily realizable within one year from the date of determination or within the normal operating cycle, where such cycle is longer than a year;

"Current Liabilities" means, at any time, amounts payable within one year from the date of determination or within the normal operating cycle, where such cycle is longer than a year (the operating cycle must correspond with that used for current assets):

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

"EDC Accounts Receivable" means trade accounts receivable of the Borrower, where the payment has been insured by Export Development Canada ("EDC"), and the Bank has been provided with a duly executed Direction to Pay supported by a copy of the applicable insurance policy and any renewals thereof;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental and Health and Safety Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equity" means the total of share capital, (excluding preferred shares redeemable within one year) contributed surplus and retained earnings plus Postponed Debt;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

"Finished Goods Inventory" means the portion of the Borrower's Unencumbered Inventory that is classified as finished goods inventory;

"Funded Debt" means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding Postponed Debt;

"Good Accounts Receivable" means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in Canada excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

"Good EDC Accounts Receivable" means EDC Accounts Receivable, excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"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:

"Policy" means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

"Postponed Debt" means indebtedness that is fully postponed and subordinated, both as to principal and interest, on terms satisfactory to the Bank, to the obligations owing to the Bank hereunder;

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

"RBP" and "Royal Bank Prime" each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

"Tangible Net Worth" means the total of Equity less intangibles, deferred charges, leasehold improvements, deferred tax credits and unsecured advances to related parties. For the purpose hereof, intangibles are assets lacking physical substance;

"Unencumbered Inventory" means inventory of the Borrower which is not subject to any security interest or other encumbrance or any other right or claim which ranks or is capable of ranking in priority to the Bank's security including, without limitation, rights of unpaid suppliers to repossess inventory within 30 days after delivery and rights of unpaid farmers, fishermen and aquaculturalists in respect of any unpaid amounts for products sold and delivered within the previous 15 days, under the Bankruptcy and Insolvency Act, Canada.

#### Schedule "B"

# **CALCULATION AND PAYMENT OF INTEREST AND FEES**

#### LIMIT ON INTEREST

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

#### OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

### **EQUIVALENT YEARLY RATES**

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

#### TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

#### RBP LOANS

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

# Schedule "G"

# BORROWING LIMIT CERTIFICATE

۱, _			, representing the Bo	rrower nere	by certify as of
mo	nth ending	J			
1.	and any a and Roya corporate	meno I Ban reco	ith and have examined the provisions of the Agre dments thereto, between Independent Electric Ar ik of Canada, as the Bank and have made reasor rds and inquiries of other officers and senior pers Agreement have the same meanings where used	nd Controls nable invest sonnel of the	Ltd., as Borrower, tigations of e Borrower, Terms
2.	The Borro	wing	Limit is \$, calculated as fo	ollows:	
Tot	al account	ts rec	eivable owing by Persons located in Canada		\$
Les		a)	Accounts, any portion of which exceeds 90 days	\$	<del></del>
		b) c)	Accounts due from affiliates "Under 90 days" accounts where collection is suspect	\$ \$	
		d) e)	Accounts subject to prior encumbrances Holdbacks, contra-accounts or rights of set- off	\$ \$	
		f)	Accounts included elsewhere in the Borrowing Limit calculation	\$	
Plu	s:	g) h)	Other ineligible accounts Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as	\$ \$	
Go	od Accour	ıts Re	nevertheless good eceivable		A \$
			Accounts Receivable at 75% of A ats Receivable		B \$
Les	ss:	a)	Accounts, any portion of which exceeds 90 days	\$	•
	•	c) p)	Accounts due from affiliates "Under 90 days" accounts where collection is suspect	\$ \$	
		d) e)	Accounts subject to prior encumbrances Holdbacks, contra-accounts or rights of set- off	\$ \$	
Plu	s;	f) g)	Other ineligible accounts Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, which the Bank has designated as	\$ \$	
Ma To	rginable G tal invento	ood y cla	nevertheless good nts Receivable EDC Accounts Receivable at 90% of C assified as finished goods inventory (valued at et realizable value)		C \$ D \$ \$
Les		a) b) c)	Inventory subject to prior encumbrances Inventory subject to 30 day supplier payables Other non qualifying inventory	\$ \$ \$	
Fin	ished God			T	E \$

Schedule	G
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Marginable Finished Goods Inventory at 50% of E (Max F \$ \$1,000,000.00)					
Less: Potential Prior-Ranking Claims while not limited to these include:					
Sales tax, Excise & GST Employee source deductions such as E.I., CPP, Income Tax Workers Compensation Board Wages, Commissions, Vacation Pay Unpaid Pension Plan Contributions Overdue Rent, Property & Business Tax and potential claims from third parties such as subcontractors Other Total Potential Prior-Ranking Claims Borrowing Limit (B+D+F-G) Less: Facility #1 Borrowings  \$					
Margin Surplus (Deficit)					
<ul> <li>3. Annexed hereto are the following reports in respect of the Borrower:</li> <li>a) aged list of accounts receivable,</li> <li>b) aged list of EDC Accounts Receivable indicating country of origin for each receivable and most recent credit approval listing from EDC supported by Direction to Pay,</li> <li>c) status of inventory, and</li> <li>d) listing of Potential Prior-Ranking Claims.</li> </ul>					
<ol> <li>The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.</li> </ol>					
Dated this day of, 20					
Per:					
Name:					
Title:					

#### Schedule "J"

### RBC COVARITY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("RBC Covarity Dashboard") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "Service"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of the Agreement.

- 1. Definitions. For the purpose of the RBC Covarity Dashboard Terms and Conditions:
- "Disabling Code" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.
- "Designated User" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.
- "Electronic Channel" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, internet, telephone, e-mail or facsimile.
- "Electronic Communication" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.
- "Electronically Submitted Certificates" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.
- "Electronically Uploaded Financial Information" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.
- "Internet" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.
- "Password" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.
- "Security Breach" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.
- "Security Device" means a combination of a User ID and Password.
- "Software" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.
- "User ID" means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

"Virus" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

2. Access to the Service. The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

3. Security Devices. The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

4. Security. Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any Items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

5. Unsecure Electronic Channels. The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by

the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

6. Notice of Security Breach. The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it, (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

- 7. Binding Effect. Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.
- 8. Representations and Warranties. The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.
- 9. Evidence. Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.
- 10. Limitation of Liability. The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or

terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

12. Amendment. The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.



Royal Bank of Canada Commercial Financial Services 9034 51<sup>st</sup> Ave Edmonton, AB T6E 5X4

September 23, 2016

Private and Confidential

INDEPENDENT ELECTRIC AND CONTROLS LTD. PO BOX 6247 STN MAIN DRAYTON VALLEY, AB T7A 1R7

We refer to the agreement dated April 26, 2016 and any amendments thereto, between independent Electric and Controls Ltd., as the Borrower, and Royal Bank of Canada, as the Bank, (the "Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or events of default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Agreement is amended as follows:

- Under the Credit Facilities section, Facility #1 is amended by deleting \*\$6,500,000.00° and by substituting \*\$6,000,000.00°.
- Under the Credit Facilities section, the Interest rate (per annum) applicable to RBP Loans under Facility #1 is amended by deleting "RBP + 3,55%" and by substituting "RBP + 4,50%".
- The Other Facilities section paragraph a) is amended by deleting "\$400,000.00" and by substituting "\$200,000.00".
- 4. The Fees section is amended and restated as follows:

FEES
Monthly Fee:
Payable in arrears on the same day of each month.

Management Fee: \$800.00

SRF# 976790263

Registered Trademark of Royal Bank of Canada

### BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for Insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to walve coverage on new Borrowings eligible for Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Polloy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan insurance Plan documents regarding the Borrowings, the Business Loan insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may Increase during the term of the loan. The premium calculation is set out in the Business Loan insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53450 FRE) for further explanation and disclosure.

#### CONDITIONS PRECEDENT

The effectiveness of this amending agreement is conditional upon receipt of:

a) a duly executed copy of this amending agreement;

b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;

such financial and other information or documents relating to the Borrower or any Guarantor
if applicable as the Bank may reasonably require; and

d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

COUNTERPART EXECUTION

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until October 23, 2016, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF GANADA

Per: Name: Arnold Masson

Account Manager Tille:

Agreed to and accepted this 21 day of October 20 16.

INDEPENDENT ELECTRIC AND CONTROLS LTD.

Per: Name: Todd Gu

Per:

Name: Director. Title:

I/We have the authority to bind the Borrower

This is Exhibit "F" referred to in the Affidavit of Arnold Masson

Sworn before me this 22h day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

# Payout Balances for Independent Electric and Controls Ltd. as of September 28, 2017.

Independent Electric & Controls Ltd.

Loan Number:	Loan Type:	Interest Rate	<u>Limit:</u>	Balance:	Accrued Interest:	<u>Total:</u>	Per Diem:
03009 98969165-001		P+ 4.50%	6,000,000.00	6,316,541.77	4,619.44	6,321,161.21	1,343.71
16 - Active Credit carc		19.99%	200,000.00	109,380.92	1,095.43	110,476.35	54.77
Legal and Monitoring F						72,760.32	
Total Bayout:						6,431,637.56	

\*Constitutes revolving credit and is subject to change based on transactions presented on the account.

This is Exhibit "G" referred to in the Affidavit of Arnold Masson

Sworn before me this <u>28h</u> day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



#### **GUARANTEE AND POSTPONEMENT OF CLAIM**

#### TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by INDEPENDENT ELECTRIC AND CONTROLS LTD. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of \$ 14,000,000.00 Fourteen Million Dollars together with interest thereon from the date of demand for payment at a rate equal to the Prime Interest Rate of the Bank plus 5.000 Five percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

- (1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.
- (2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.
- (3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.
- (4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.
- (5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the



whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

- (6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amaigamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.
- (7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.
- (8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.
- (9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.
- (10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.
- (11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.
- (12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.
- (13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.





- (14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.
- (15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.
- (16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable In all P.P.S.A. Provious except Ontario.)

- (17) The Undersigned hereby acknowledges receipt of a copy of this agreement.
- (18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

  EXECUTED this 

  | Control | Con

IN THE PRESENCE OF

The second secon	iec business holdings inc.
Witness Signature:	
Share Turne  Name:  Share Turne  Name:	Jell Jeny
Witness Signature :	
Share Turne Name:  Witness Signature:	j'hrra
Shane Tuence	
Insert the full name and address of guarantor (Undersigned	
	Full name and address







(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guaranter is not a corporation)	
	F
	-

## THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

corporation	' I HEF	EBY CERTIFY THAT:						
	(1)			of in the				
	Province	of, the guarantor in the guarantee dat	ed made	between ROYAL BANK OF				
	CANADA	and		, which this certificate is				
	attached	to or noted upon, appeared in person before me and acknowle	ledged that he/she had	d executed the guarantee;				
	(2) understar	satisfied myself by examination of the guarantor that hels	she is aware of the c	ontents of the guarantee and				
	Given at	thisunder my hand and	d seal of office					
	(SEA	L OF NOTARY PUBLIC)	A NOTARY PUBLIC	IN AND FOR				
(Guaranto		OTATEMENT OF OUR	ANTON					
to sign in presence of Notary		STATEMENT OF GUAR	RANIUK					
Public)	i am	the person named in the certificate	Signature of C	Buarantor				
		(SECTION 31) CERTIFICATE OF LAWYER OR SEBY CERTIFY THAT:	NOTARY PUBLIC					
	•			of in the				
	Province	of, the guaranter in the guarantee dat						
		and		, which this certificate is				
	attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;							
	(2) understa	I satisfied myself by examination of the guarantor that he/	she is aware of the o	contents of the guarantee and				
	(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;							
	(4)	acknowledge that the guarantor signed the following "State	ement of Guarantor" in	my presence.				
	Given at	thisunder my hand and	iseal of office					
		L REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)	A LAWYER OR A NOTAR	Y PUBLIC IN AND FOR				
	STATEMENT OF GUARANTOR							
		I am the person named in the certificate	Signature of	Graramet				



This is Exhibit "H" referred to in the Affidavit of Arnold Masson

Sworn before me this <u>28h</u> day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



# Royal Bank of Canada Guarantee and Postponement of Claim

SRF: 976790253

Borrower: INDEPENDENT ELECTRIC AND CONTROLS LTD.

9034 51ST AVE EDMONTON

ALBERTA TEE 5X4

# TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is bereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guaranteets) payment on demand to Royal Bank of Canada (hereinatter called the "Bank") of all debts and liabilities; present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by INDEPENDENT ELECTRIC AND CONTROLS LTD. (hereinatter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or anxing and whether incurred by or anxing from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any filled party by which the Bank may be or become in any manner whatspever a creditor of the Customer or however effectives incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound allone or with another or others and whether as principal or surery (such debts and liabilities being hereinatter called the "Liabilities"); the liability of the undersigned hereinate equal to the Bank's Prime interest Rate plus 5.00 percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

- (1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, morties which the Customer has an deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from or perfecting securities of crease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the trabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit; and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit; the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.
- (2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate batance due or remaining unpaid to the bank.
- (3) The Bank shall not be bound to exhaust its recourse against the Customer of others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

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- (4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their of his/her itability under this guarantee in respect of Liabilities thereafter incurred or arising even, though not their material, provided, however, that notivities and provided of any such notice the Bank may fulfill any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.
- (5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities; and all moneys received by the undersigned of any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without it any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and his assignment and postponement is independent of the said guarantee and shall remain in full effect nowithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.
- (6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one of more particles of the introduction of one or more other particles or otherwise, or by the acquisition of the Customer's business by a conjugation, or by any change whatsoever in the objects, capital smooths or constitution of the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or ansing and in this instrument the word "Customer" shall include every such firm and corporation.
- (7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sign or sume of money for the fine being due or remelaing uppaid to the Bails, and all dividends, compositions, proceeds of security valued and payments received by the Bails from the Customer at from others or from estates shall be regarded for all purposes as payments in gross without any right to the part of the bridersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds of payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subfogated in any rights of the Bank shall have received payment in full of the Liabilities.
- (8) All manies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or dispower incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any firegularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, dedits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the teasons set, out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank or demand with inferest and accessories.
- (9) This guarantee is in addition to end not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or assing otherwise than under a guarantee, of the undersigned or any of frem or of any other obligant, whether bound with or apart from the Customer, excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.
- (10) The undersigned and each of them shall be bound by any, account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this quarantee any, account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due, by the Customer to the Bank or remains unpaid by the Customer to the Bank.
- (11) This guarantee, and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories; and possession of this institution by the Benk's shall

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be conclusive evidence against the undersigned and each of them that this instrument was, not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been compiled with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No sult based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon, any guarantor if and when an envelope containing such demand, addressed to such quarantor at the addressed such guarantor as known to the Bank, is posted, posteds prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators of legal representatives at the address of the addressed last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embedged herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and he successors and assigns, an every reference herein to the undersigned of to each of them on to any of them, is a reference to and shall be constitued as including the undersigned and the belts, executors, administrators, legal representatives; successors and assigns of the undersigned or of each of them of of any of them; as the case may be, to and upon all of whem this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the arrival rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial bans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of ALBERTA ("Jurisdiction"). The undersigned previocably submits to the courts of the landiction in any action or proceeding, arising out of or relating to this Guarantee and Postponement of Claim, and previocably agrees that all such actions and proceedings may be heard and determined in such courts, and previocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action of proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may pring an action or proceeding against the undersigned or the prepent or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby walves Undersigned's right to receive a copy of any Financing Statement or Financing Change bush or manual Statement registered by the Bank.

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Continued of la	IEC BUSINESS HOLDINGS INC.
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Name: I II	
Witness Signature:	
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ALBERTA	
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.E-Form; 00812 (2018/10)

Pragistered trademark of Royal Bank of Canada

This is Exhibit "I" referred to in the Affidavit of Arnold Masson

Sworn before me this <u>2814</u> day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



# Royal Bank of Canada

# Guarantee and Postponement of Claim

SRF: 9

976790253

BONOWER: INDEPENDENT ELECTRIC AND CONTROLS LTD.

9034 51ST AVE

ALBERTA

# TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or entiringent, matured or not, at any time owing by INDEPENDENT ELECTRIC AND CONTROLS LTD. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank in heretofore or hereafter incurred or anising and whether lictured by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any blird party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer called the "Customer or blooms before bound allone or with another or others and whether as principal or surely such debts and liabilities being being hereinafter called the "Liabilities"); the liability of the undersigned hereunder, being limited to the sum of \$12,500,000,00 together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate plus 5,00 percent per annum as well after as before default and judgment.

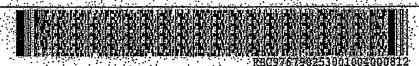
AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to take securities (which word as used herein includes securities taken by the Bank from the Customer and others, montes which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit, or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or making date, if any, or infroduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deat with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether accasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned rendunce(s) to all benefits of discussion and division.

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(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities therefore incurred by arising even though not then matured provided, however, that notwithstanding receipt of any such notice, the Bank may fulfill any requirements of the Customer based on agreements express of implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that by the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or offices of the undersigned.

(5) All indebtedness and flability, present and future; of the customer to the understgined or any of them are hereby assigned to the Bank and postponed to the Liabilities; and all moneys received by the understgined or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or tessening the liability of the understgined under the foregoing quarantee; and this assignment and postponement is independent of the said guarantee and shall remain in the effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This quarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them, or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement, of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being analigament with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the happening of the customer of the customer, and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monles, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity of disability of the Customer of of the directors, partners of agents of the Customer, or that the Customer may not be a legal or suable entity, or any inegularity, defect or informality in the borrowing or obtaining of such monles, advances; renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to be Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set such in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank or demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomspever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee; of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in withing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and leach of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall he operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall

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be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory the responsibility from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

- (12) No suit based on this guarantee shall be instituted until demand for payment has been made, and definand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the eddress of such guarantor lest known to the Bank. Is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed (or any of such guarantors, heirs, executors, administrators or legal representatives at the address of the addressed last known to the Bank and posted as aforesald shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.
- (13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.
- (14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, an every reference herein to the undersigned of to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.
- (15) Prime Interest Rate is the annual rate of litterest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada
- (16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of ALBERTA ("Jurisdiction"). The undersigned irrevocably submits to the cours of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bankingay selve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.
  - (17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing. Change

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EXECUTED THIS JUNE 19 2015	
EXECUTED this	(DAY) (YEAR)
IN THE PRESENCE OF	SUMMIT CONTROLS (2012) CORP.
Charles Middle	SOMMIT CONTROL SYZOTZ, CORF.
Witness Signisture:	
JOY BRIFFITH	
Näme:	
Charles Harton	A MAR
Witness Signature: V	
JU ER HE ITES	
Name:	
insent the full name and address of Guarantor (Undersign	ed above).
Full name an	
SUMMIT CONTROLS (2012) CORP.	
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ALBERIA	
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	2000年1月2日 - 1月2日 - 1月2

E-Form 90812 (2013/10)

This is Exhibit "J" referred to in the Affidavit of Arnold Masson

Sworn before me this 284 day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law



# Royal Bank of Canada Guarantee and Postponement of Claim

SRF:

976790253

BOROWER INDEPENDENT ÉLÉCTRIC AND CONTROLS LTD.

9034 51ST AVE EDMONTON ALBERTA TGE 5X4

# TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinatter called the "Bank") of all debts and liabilities, present or future direct or Indirect, absolute or contingent, matrired or not, at any time owing by INDEPENDENT ELECTRIC AND CONTROLS LTD. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, hereitofore or hereafter incurred or ansing and whether incurred by or arising angreement or deallings between the Bank and the Customer or by or from any agreement or deallings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of \$12,500,000,00 rogether with interest thereon from the date of demand to payment at a rate equal to the Bank's Prime Interest Rate plus 8.00 percent per anount as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

- (1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used berein includes securities taken by the Bank from the Customer and others; montes which the Customer has an deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to abstain from taking securities from or perfecting securities of, cease of refrain from giving credit or making loans of advances to, or change any term or condition applicable to the Liabilities including without limitation, the rate of interest of maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit; and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting of lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others; whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.
- (2) This guarantee shall be a communing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.
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- (4) The undersigned or any of them may, by notice in writing deliveted to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities, theretofore incurred or arising even though not their mattered, provided, however, that notwitistanding receipt of any such notice the Bank may fulfill any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other of officer of other or officer of the undersigned.
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- (6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer's in the membership of the Customer's firm through the death of retheinent of one or more partners or the introduction of one or more other partners or discusse, or by the acquisition of the Customer's business by a composation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall downthis tanding the happening of any such event continue to apply to all the Liabilities whether therefore or thereafter incurred or arising and in this instrument the word "Customer," shall include every such firm and corporation.
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be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signalory thereof obtains from the Mahager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective:

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor of the address of such guarantor has known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantors helps, executors, administrators of legal representatives at the address of the addresses less known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incorred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postpoliement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, an every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs; executions, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Pilme Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadan dollar commercial loans in Canada

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the province of ALBERTA ("Jurisdiction"). The undersigned trevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in auch courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any magnet provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersighed hereby acknowledges receipt of a copy of this agreement.

Anderson (18) The Undersigned hereby walves Undersigned's right to receive a copy of any Financing Statement or Financing Change

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# This is Exhibit "K" referred to in the Affidavit of Arnold Masson

Sworn before me this 28h day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

### GUARANTEE AND POSTPONEMENT OF CLAIM

## TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Independent Electric and Controls Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$500,000.00 Five Fundred Thousand Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

- (1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.
- (2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.
- (3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.
- (4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.
- (5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

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whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

- (6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.
- (7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, preceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.
- (8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand a thin interest and accessories.
- (9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.
- (10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.
- (11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been compiled with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.
- (12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addresse last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank,
- (13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

Page 2 of 4

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<u></u>		(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed each including—the—undersigned—and—the—heirs, executors, administrators, legal-representatives; successors and assigns—of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.
	<del> </del>	(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada,
		(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.
		SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF
<u></u>		Witness Bradley Turnbull
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Page 3 of 4

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Page 4 of 4

This is Exhibit "L" referred to in the Affidavit of Arnold Masson

Sworn before me this 2814 day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

# **GUARANTEE AND POSTPONEMENT OF CLAIM**

## TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Independent Electric and Controls Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$500,000.00 Five Hundred Thousand Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

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- (2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.
- (3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.
- (4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.
- (5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

E-FORM 812 (12/2007)

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature-provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

- (6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.
- (7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.
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- (9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.
- (10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.
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- (13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

  Page 2 of 4

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and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.
(16) Prime Interest Nate is the annual rate of Interest announced from time to time by Hoyal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.  (18) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.  (17) The Undersigned hereby acknowledges receipt of a copy of this agreement.  (18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.  DRAYTON VALLEY, ALBERTA  this (MONTH) (DAY) (YEAR)  SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF
Witness Erickson  Brent Cameron Erickson
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Page 3 of 4

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# This is Exhibit "M" referred to in the Affidavit of Arnold Masson

Sworn before me this \_\_\_\_\_ day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

## **GUARANTEE AND POSTPONEMENT OF CLAIM**

### TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Independent Electric and Controls Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$500,000.00 Five Hundred Thousand Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

- (1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.
- (2) This guerantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.
- (3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.
- (4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.
- (5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

E-FORM 812 (12/2001

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

- (6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.
- (7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.
- (8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.
- (9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.
- (10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.
- (11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.
- (12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.
- (13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

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		E-FORM 812 (12/2007)
		(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns,
		and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed
)_		as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the
		undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and
		agreement shall extend and be binding.
		(15) Prime interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a
		reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.
		(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the
		Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or
		And the district of the substitute of the substi
		proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such
		actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible,
		the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding
		may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal
		process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or
		assets of the undersigned in the courts of any other jurisdiction.
		-
	(Applicable	(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.
	P.P.S.A. Provices	(1), the original holosy authorizing a receipt of a copy of this agreement.
	except	(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Figancing Statement or Figancing
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		Change Statement registered by the Bank.
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E-FORM 812 (12/2007)

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	(1) Todd Guy of in	the Province of Alberta, the guaran	ntor in the guarantee dated 5/5/20
	made between ROYAL BANK OF CANADA	and Todd Guy , which this cer	tificate is attached to or noted upon,
	appeared in person before me and acknowledg	ed that he/she had executed the gua	arantee;
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			ERTA
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of Notar Public)		2 All Suy	Signature of Guarantor
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Page 4 of 4

# This is Exhibit "N" referred to in the Affidavit of Arnold Masson

Sworn before me this <u>2811</u> day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

#### SECURITY INTEREST 1.

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and now owned or hereafter owned or acquired by or on behalf of Debtor;

- (i) all inventory of whatever kind and wherever situate;
- all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, Industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall standpossessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include "consumer goods" of Debtor as that term is conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise-requires, be deemed a reference to "Collateral or any part thereof".

#### INDEBTEDNESS SECURED 2.

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to

Deptor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;
(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;
(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

which forms part of the Collateral will be situate at one of such locations; and

Page 1 of 9

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

### COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to netify RBC promptly of:

- any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;
- (c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;
- (f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debter, as incureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;
- (g) to prevent Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;
  - (i) to deliver to RBC from time to time promptly upon request:
    - any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
    - all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
    - (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
    - (iv) all policies and certificates of insurance relating to Collateral, and
    - (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

### 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any

manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debter agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

#### SECURITIES

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

#### COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

#### INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

#### INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS 9.

- (a) Whether or not default has occurred, Debtor authorizes RBC:
  - to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral, Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
  - to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.
- (b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

#### DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

### **EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if

an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy

assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report hereofore or hereafter furnished by or

on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

#### ACCELERATION 12.

RBC, in its sole discretion, may declare all or any part of indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any indebtedness which may now or hereafter be payable on demand.

#### REMEDIES 13.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers interinater celled a "Receiver", which term when used hereln shall include a receiver and manager) of Collatoreral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in higher stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-reasence on the part of any such Receiver, his/her servants, agents or employeess. Stillact not the provisions of the Instrument experiment him/her, any such Receiver, his/her servants, agents or employeess. Stillact not the provisions of the Instrument experiment him/her, any such Receiver, his/her servants, agents or employeess. Stillact not the provisions of the Instrument experiment him/her, any such Receiver, his/her servants, and the servants and the servants are reported and the servants and the servant and the servants and the servants and the servants are reported and the servants and the servants and the servants are servants and the servants and the servants and the servants and the servants are servants and the servants and the servants and the servants are servants and the servants

#### 14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

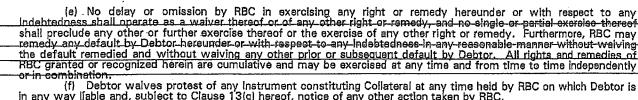
(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at

to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.



(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one action on hehalf of the Bank.

Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no walver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(ii) The headings used in this Security Agreement are for convenience only and are not be

this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(c) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

- [q] Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby
- (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
- (ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is
- (r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

  (s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein mentioned branch of RBC is located, as those laws may from time to time be in effect, including where applicable, the P.P.S.A.

#### COPY OF AGREEMENT 15.

- (a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
- (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

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SCH	EDL	JLE	"A"

E-FORM 924 (2003/04)

	(ENCUMBRANCES AFFECTING COLLATERAL)						
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SCHEDULE "B"						
1. Locations of Debtor's Business Operations						
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DRAYTON Valley als						
2. Locations of Records relating to Collateral (if different from 1. above)						
5709-49 Ava						
DRAGTON Valles, AB						

3. Locations of Collateral (if different from 1. above)

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		SCHEDULE "C" (DESCRIPTION OF PROPERTY)	E-FORM 924 (2003/04)
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# This is Exhibit "O" referred to in the Affidavit of Arnold Masson

Sworn before me this 28k day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

#### SECURITY-INTEREST-

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(viii)all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

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(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the that term is defined in the P.P.S.A., the term "Goods" when used herein shall include "consumer goods" of Debtor as after conception and crops that become such within one year of execution of this Security Agreement and the term "Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal deemed a reference to "Collateral or any part thereof".

#### 2. INDEBTEDNESS SECURED

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# REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all intellectual Property applications and registrations are valid and in good standing and Debtor is the owner

(b) all intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;
(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

- (d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and—with-respect te-Goods-(including-Inventory)—constituting-Collateral; the locations-specified-in-Schedule-"B" are accurate and complete save for Goods in transit to such locations and inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and
- (e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

#### 4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;
- (c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;
- (f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;
- (g) to prevent Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;
  - (i) to deliver to RBC from time to time promptly upon request:
    - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
    - (iii) all books of account and all records, ladgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
    - (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
    - (iv) all policies and certificates of insurance relating to Collateral, and
    - (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in located and to all premises occupied by Debtor.

## SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nomines(s) so that RBC or its nomines(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such investment Property.

## COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

# INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the indebtedness (b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

# INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

- (a) Whether or not default has occurred, Debtor authorizes RBC:
  - to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and
  - to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.
- (b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

## DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all required by law.

#### 11. EVENTS OF DEPAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to

The happening of any or the rollowing events or conditions shall condition as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if

an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assets of Debtor or the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy; if distress or analogous process is levied upon the assets of Debtor or any part thereof;

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h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of unliquidated liability or claim against Debtor; or it upon the date of execution of this Security Agreement, there shall have warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

#### ACCELERATION

RBC, in its sole discretion, may declare all or any part of indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any indebtedness which may now or hereafter be payable on demand.

#### REMEDIES

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a income or profits therefrom) and may removability to relever so appointed and appoint entories in likely and appoint and the removability of the provided and appoint and the removability of the provided and appoint and the provided and income or profits therefrom) and may removability to relever so appointed and appoint entories in hisher stead. Any such shall not be in any way responsible for any misconduct, negligence genered the agent of Debtor and to RBC hisher servants, agents or employees. Subject to the provisions of the Indian Province of the Part of any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value appointing himfer, any such Receiver and Indian province of the provision of the Indian Province of Indian Provin

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the herein mentioned name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has sole discretion, set off against Indebtedness any and all amounts then cwed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid atte-the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid-atthe rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, or RBC and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of or in combination. RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is (g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor allowing the assignee any claim or defence which Debtor new has or hereafter may have against RBC. If more than one (h) RBC may provide any financial and other Information hereunder shall be joint and several.

Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or (ii) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writting, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing, entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or registered mail addressed to it at its address herein set forth, or as changed pursuant hereto, and, in the case of Debtor, if notify the other pursuant and the security Agreement and the source and addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof, other security Agreement and the security afforced hereby is in addition to and not in substitution for any full force and effect until the Manager or Acting Manager from time to time of here herein mentioned branch of RBC. Shall effect thereafter until all Indebtendess cont provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor acknowledges and agrees that in the event it ampleaments with the event it ampleaments. Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby companies and the amalgamated company, such that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or (ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating acquired by the amalgamated company, and (iii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" owned by each company "Collateral" thereafter owned or acquired by the amalgamated company, when such becomes owned or is acquired. (r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the COPY OF AGREEMENT (a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement by RBC or of any varification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

BRANCH ADDRESS

SURREY BC V3S 5A5

SURREY REGION CFS CENTRE 5455 152ND ST UNIT 118

Page 6 of 9

	E-FORM 924 (03/2008)
SCHEDULE "A"	
(ENCUMBRANCES AFFECTING COLLATERAL)	
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_		FORM 924 (03/2008)
	SCHEDULE "B"	
1. Lo	cations of Debtor's Business Operations	
	09 49th Ave.	
Dra	ayton Valley, Alberta A 1R7	
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•	• • • • • • • • • • • • • • • • • • •	
	ations of Records relating to Collateral (if different from 1. above)	
Sam	ne as above.	
		•
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· 3. Loca	tions of Collateral (if different from 1, above)	

Same as above.

				E-FOR	M 924 (03/2008)	
	ţ	SCHE	DULE "C"			
<u> </u>		(DESCRIPTIO	DULE "C" N OF PROPERTY)		· · · · · · · · · · · · · · · · · · ·	
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# This is Exhibit "P" referred to in the Affidavit of Arnold Masson

Sworn before me this 2012 day of September, 2017

A Commissioner for Oaths
In and for the Province of Alberta

Tessa MacLeod Student-At-Law

## GENERAL SECURITY AGREEMENT

## SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all perts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any. Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.", Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

- (d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedula "B" are accurate and complete save for Goods in transit to such locations and inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and
- (e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security Interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

#### COVENANTS OF THE DEBTOR 4.

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- - any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
  - (ii) the details of any significant acquisition of Collateral,
  - (iii) the details of any claims or litigation affecting Debtor or Collateral,
  - (iv) any loss or damage to Collateral,
  - (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
  - (vi) the return to or repossession by Debtor of Collateral;
- (c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;
- (f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;
- (g) to prevent Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;
  - (i) to deliver to RBC from time to time promptly upon request:
    - any Documents of Title, instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
    - all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
    - (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
    - (iv) all policies and certificates of insurance relating to Collateral, and
    - (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

#### USE AND VERIFICATION OF COLLATERAL 5.

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any marner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such investment Property.

### COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

## INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

#### INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS 9.

- (a) Whether or not default has occurred, Debtor authorizes RBC:
  - to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly:
  - to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

#### DISPOSITION OF MONEY 10.

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

#### **EVENTS OF DEFAULT** 11.

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual:

an individual;

(c) the bankruptcy or insolvency of Debtor; the filling against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy

assets of Debtor or the institution by or against Debtor or any other type of insolvency proceeding under the bank optor and insolvency. Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

#### 12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any indebtedness which may now or hereafter be payable on demand:

#### 13.

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Oebtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

carry on Debtor's business or Uniterwise, as such necesiver from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominess, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to Institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver appointed by it, whether directly or for services rendered (including reasonable) incurred by RBC or a

#### MISCELLANFOLIS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

parform any or all of such duties, and Debtor shall pay to RBC, forthwith upon-written-domand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and either and with Cellateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all chaques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or day other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving

remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently

RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in eembination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be interest in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address known to RBC. Either party may notify the other pursuant hereto of any change in such party's pr

male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" [as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or

companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

#### COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

• •					E-FORM 924 (03/2008)	
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	16. Debtor represents and warrants that	the following informa	tion is accurate:			
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	INDIVIDUAL DEBTOR					
	SURNAME (LAST NAME)	FIRST NAME	SECOND NAME		BIRTH DATE YEAR MONTH DAY	
					1	
	ADDRESS OF INDIVIDUAL DESTOR	CITY	•	PROVINCE	POSTAL CODE	
	SURNAME (LAST NAME)	FIRST NAME	SECOND NAME		BIRTH DATE	
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	ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY		PROVINCE	POSTAL CODE	
	BUSINESS DEBTOR					
	NAME OF BUSINESS DEBTOR					
	Independent Electric and Centrols Ltd.	CITY		PROVINCE	POSTAL CODE	
	ADDRESS OF BUSINESS DEBTOR PO Box 6247, Sin Main 5709 49th Ave.	Drayton Valley		1 3	T7A 1R7	
	3709 49ttt FEP 51	Drayton vancy		1 AB	TIN IKI	
•	TRADE NAME (IF APPLICABLE)		·			
	TRADE NAME OF DEBTOR				Ì	
•	PRINCIPAL ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	***************************************	PROVINCE	POSTAL CODE	
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See of	BRANCH ADDRESS SURREY REGION CFS CENTRE					

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SCHEDULE "A"  (ENCUMBRANCES AFFECTING COLLATERAL)
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	SCHEDULE "B"	
.1.	Locations of Debtor's Business Operations	
	5709 49th Ave. Drayton Valley, Alberta T7A 1R7	
<b>2.</b>	Locations of Records relating to Collateral (if different from 1. above) Same as above.	
3.	Locations of Collateral (if different from 1. above) Same as above.	
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SCHEDULE "C" (DESCRIPTION OF PROPERTY)	(DESCRIPTION OF PROPERTY)	` ` `		COLEDNIE TO	E-FORM 924 (03/2008)
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