



**Fifth Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

July 15, 2021



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COURT FILE NO.: S-211985

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

FIFTH REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

JULY 15, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court granted:
 - a) an initial stay of proceedings until March 15, 2021 (the "Stay Period"); and
 - b) a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel; and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. On March 15, 2021, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
 - a) the Stay Period was extended to May 7, 2021;
 - b) the amount of the Administration Charge was increased to \$1 million;
 - c) the amount of the D&O Charge was increased to \$240,000; and
 - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”).
4. Pursuant to orders issued by the Court on March 31, 2021, the Court:
 - a) approved the appointment of a committee comprised of seven investors (the “Investor Committee”) having claims, or representing claims, totaling at least \$156 million, which was put in place to provide the Monitor and the Companies with insight into the objectives and priorities of the investors so that these are reflected in the Plan of Arrangement or Compromise (the “Plan”) which will be presented to creditors;
 - b) approved a debtor-in-possession loan facility (the “DIP Facility”) in the amount of \$5 million from RCM Capital Management Ltd., or its assignee (the “DIP Lender”) and granted a charge on the Property in favour of the DIP Lender for this amount (the “DIP Charge”);
 - c) reduced the amount of the Administration Charge to \$750,000; and
 - d) approved a claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers (the “Claims Procedure Order”).
5. Pursuant to an order issued by the Court on May 6, 2021, the Court:
 - a) approved a key employee retention plan for certain of ACC’s employees; and
 - b) granted an extension of the Stay Period to July 6, 2021.
6. Pursuant to an order issued by the Court on June 28, 2021, the Court granted an extension of the Stay Period to October 1, 2021.
7. The principal purpose of the CCAA proceedings is to provide the Companies with the opportunity to restructure their debt obligations in a stable environment with the breathing space afforded by filing for protection under the CCAA. The proceedings are intended to provide a forum to allow the Companies to develop a Plan that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) discuss the terms of a consulting agreement (the “Consulting Agreement”) whereby ACC will engage Kingsman Scientific Management Inc. (the “Consultant”) to provide the services of Kyle Makofka to perform the services of a Chief Restructuring Officer (“CRO”) during the CCAA proceedings and to perform the services of a Chief Executive Officer (“CEO”) upon ACC exiting the CCAA proceedings, subject to the approval of a board of directors to be appointed through the Plan (the “New Board”);
 - b) discuss the terms of a mutual separation agreement (the “Separation Agreement”) pursuant to which James Livingstone, ACC’s sole director and CEO, intends to resign and which is subject to the approval by the Court of the Consulting Agreement and the Separation Agreement;
 - c) recommend that the Court issue an order, *inter alia*:
 - i. approving the Consulting Agreement and the Separation Agreement;
 - ii. sealing the unredacted Consulting Agreement;
 - iii. granting a charge (the “CRO Charge”) in favour of the Consultant in the amount of \$200,000 to protect the Consultant for its fees and disbursements, which charge shall rank *pari passu* with the Administration Charge; and
 - iv. granting Court ordered protections to the Consultant and the CRO (in those capacities) save and except for gross negligence or wilful misconduct.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies’ unaudited financial information, books and records and discussions with the Companies’ management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. This Report does not consider the potential future impact of the COVID-19 pandemic (the “Pandemic”) on the Companies’ business and operations, including on the Companies’ portfolio companies (each a “PC” and collectively the “PCs”). Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars.

2.0 Background

1. ACC is the parent company of a multinational private equity business. Through various holding companies, including ACBI, ACC acquired, with monies raised from its investors, majority ownership interests in the PCs, which are privately-owned mid-market businesses.
2. ACC currently has indirect majority ownership interests in fourteen (14) PCs located in Canada, the US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "A".
3. ACC did not use a typical private equity model to raise capital and invest in businesses, which typically relies on a limited partnership structure to raise capital from its investors. Rather, ACC raised capital by issuing unsecured debt through instruments which pay annual interest of between 8% and 14% (weighted average of approximately 12%). ACC also issued common equity, but it is a comparatively small amount versus the amount it raised under its debt instruments.
4. All of ACBI's debt (other than a small amount of trade debt) was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units¹, preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire the PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.
6. A summary of ACC's and ACBI's obligations², by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952	-	263,952
Hybrid Securities	67,050	-	67,050
Total	332,315	18,205	350,520

¹ Hybrid units have a debt and an equity warrant component.

² Includes accrued and unpaid interest as of the date of the Initial Order.

7. ACC's interests in the PCs are owned indirectly through various holding company subsidiaries, including ACBI (the "HoldCos"). ACC's acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively "PC Distributions"), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case.
8. Further information regarding the Companies and these proceedings can be found in the Monitor's prior reports issued in these proceedings and the prior affidavits sworn by Mr. Livingstone. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Management

1. Prior to the CCAA proceedings, Ardenton was principally focused on raising capital, considering investment opportunities, acquiring the PCs and working with management of the PCs.
2. Many of the PCs were acquired in late 2019, just prior to the onset of the Pandemic. While the results of the PCs to-date in 2021 have improved on a year-over-year basis, many of the PCs continue to be affected by the Pandemic and continue to receive financial support under government programs.
3. The Companies are presently preparing the Plan which is intended to provide creditors and investors with a better return than if the PCs are sold in the near term. The Companies, the Investor Committee and the Monitor share the view that an orderly process to improve the financial performance of the PCs, provide them the opportunity to materially reduce their debt and then refinance and sell the PCs, will take several years.
4. In light of these considerations, the Investor Committee undertook a process to assess the management skillset required to work with the PCs and their management teams to materially grow the value of the PCs going forward. The Investor Committee believes an experienced executive with an operational background and strong communication and interpersonal skills is best suited to achieve these objectives.
5. The Investor Committee was of the view that a process should be undertaken to identify candidates to take on a leadership role at ACC. In this regard, the Investor Committee met with six candidates for the role, including Mr. Livingstone. The individuals interviewed included candidates recommended by the Monitor and Investor Committee members.

6. During meetings with Mr. Livingstone, he advised that the interests of the Companies' stakeholders would be better served by an individual with an operational background, which is not his particular skill set. Accordingly, Mr. Livingstone has confirmed that he intends to resign as the Companies' CEO upon the appointment of the Consultant. Mr. Livingstone has advised that he will facilitate an orderly leadership transition and that he will be available to work with Mr. Makofka to the extent requested. Mr. Livingstone's assistance to-date in these proceedings has contributed to advance these proceedings.
7. To identify a person to take on the leadership role at ACC, the Investor Committee conducted several rounds of interviews with the candidates. The Investor Committee also performed extensive due diligence on the leading candidates. The Investor Committee ultimately selected Mr. Makofka, on behalf of the Consultant, to take on the leadership role. Mr. Makofka has requested that the Consultant's engagement be approved by the Court and that the approval order provide the Consultant and Mr. Makofka with the customary court ordered protections of a CRO, as set out in greater detail in section 3.1.3 below. A copy of Mr. Makofka's CV is attached as Appendix "B".
8. Unless the Consulting Agreement is terminated earlier in accordance with its terms, Mr. Makofka will perform the services of a CRO up to and including the earlier of the date the Plan is implemented and the termination of the CCAA proceedings. After the CCAA proceedings, Mr. Makofka is to perform the services performed by a CEO, if appointed by the New Board.
9. Mr. Makofka was recommended by Jed Wood, a member of the Investor Committee. Mr. Wood and/or entities affiliated with him have retained Mr. Makofka on several occasions to assist him to address issues in his businesses or investments. Pursuant to the terms of the Consulting Agreement, Mr. Makofka provided disclosure summarizing his relationship with Mr. Wood and his affiliated entities. Mr. Makofka has advised that he has two ongoing mandates where Mr. Wood has an interest, one of which is to wind-down in the next 60 to 90 days and one of which is to wind-down by the end of 2021. Mr. Makofka does not believe that the time commitment related to these mandates is significant nor will they affect his ability to perform his role under the Consulting Agreement. Mr. Makofka has agreed during the CCAA proceedings to not take on any new roles involving any member of the Investor Committee, including Mr. Wood, without the prior written consent of the Monitor and the Investor Committee and, during the post-CCAA period, without the prior written consent of the New Board. Under the terms of the Consulting Agreement, Mr. Makofka's full-time attention is to be focused on acting as the senior executive at ACC.

3.1 Consulting Agreement ³

1. A copy of the redacted Consulting Agreement is attached as Appendix "C". A copy of the unredacted Consulting Agreement is attached as Confidential Appendix "1".

³ Capitalized terms in this section have the meaning provided to them in the Consulting Agreement.

2. The Monitor is seeking a sealing order to redact the Consulting Agreement for certain confidential provisions in the Consulting Agreement related to the Consultant's compensation, which may be considered personal information and subject to privacy legislation. Accordingly, the Monitor respectfully requests that the unredacted Consulting Agreement be filed with the Court on a confidential basis and be sealed ("Sealing Order"). The Monitor is not aware of any party that will be prejudiced if the information is sealed. The Monitor believes the proposed Sealing Order is appropriate in the circumstances.
3. A summary of the key terms of the Consulting Agreement is provided below.

- **Services:**

- (i) During the CCAA Period, Mr. Makofka will:
 - a) be a signing authority for ACC, provided that any material agreement is approved by the Monitor or the Court, as required;
 - b) engage and/or terminate ACC employees or contractors and direct ACC employees or contractors with respect to day-to-day operations to preserve and enhance the going concern value of ACC;
 - c) assist the Monitor and Investor Committee in the development, negotiation, evaluation and implementation of the Plan;
 - d) make decisions with respect to operations that will enable or assist the parties to complete the proposed restructuring; and
 - e) provide direction for ACC;
- (ii) during the post-CCAA Period, Mr. Makofka will perform the services typically performed by a CEO, with a focus on management of the PCs and maximizing ACC's return on its investment in the PCs, including providing such services to support ACC's subsidiaries and affiliates as ACC may direct; and
- (iii) Mr. Makofka will also serve as a director and/or officer of ACC and/or any of its subsidiaries or affiliates as may be required, without additional compensation.

- **Conditions and Term:** the Consulting Agreement is to have a five-year term (the "Term") and is conditional upon ACC obtaining a Court order which, among other things: (i) approves the Consulting Agreement, (ii) provides that the Consultant and Mr. Makofka will have no liability to any party during the CCAA Period other than in respect of their gross negligence or willful misconduct, (iii) provides that during the CCAA Period, the Consultant shall be entitled to the benefit of the CRO Charge, which charge shall rank *pari passu* with the Administration Charge, (iv) during the CCAA Period, provides that no action or other proceeding shall be commenced directly or indirectly against or in respect of the Consultant or Mr. Makofka without leave of the Court, and (v) provides that the Consulting Agreement will be effective from the date of such Order.

- **Fees:** the Consultant will be paid a monthly fee (the July 2021 fee will be pro-rated). The Consultant's monthly compensation is consistent with Mr. Livingstone's current compensation.
- **Short-Term Success Fee ("STSF")**. The Consultant will be eligible to earn a STSF. Two-thirds of the STSF is tied to the annual improvement in the combined EBITDA of the PCs and one-third of the STSF is in the discretion of the New Board.
- **Long-Term Success Fee ("LTSF")**. The Consultant will also be eligible to receive a LTSF, which is based on distributions made to the creditors and investors of the Companies under the Plan.
- **Termination:**
 - (i) The Consultant may terminate the Consulting Agreement at any time and for any reason upon the giving of 60 days' written notice to ACC;
 - (ii) ACC may terminate the Consulting Agreement at any time without cause. In such cases, ACC is obligated to pay the Consultant termination fees which reflect the length of the Consultant's service and the remaining Term;
 - (iii) ACC may terminate the Consulting Agreement at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the Consultant's or Mr. Makofka's failure to comply with any provision of the Consulting Agreement or commit any act or omission that would constitute just cause at common law in the event that Mr. Makofka was an employee of ACC. In the event of termination for cause, the Consultant will be paid its monthly fee up to and including the effective date of termination.

3.2 Recommendation

1. The Monitor recommends that the Court approve the Consulting Agreement and grant the CRO Charge and related CRO protections for the following reasons:
 - a) based on diligence performed by the Investor Committee and the Monitor, Mr. Makofka appears to have the experience, skillset and qualifications to perform the mandate. The Investor Committee made its recommendation after interviewing several candidates and performing extensive diligence on the leading candidates;
 - b) an Investor Committee member, Mr. Wood, has worked with Mr. Makofka extensively. Mr. Wood is supportive of Mr. Makofka's retention based on his positive experiences working with him;

- c) the Investor Committee supports Mr. Makofka's retention and the terms of the Consulting Agreement, including the amount of his compensation and the compensation structure;
- d) the Consultant's proposed remuneration under the Consulting Agreement appears fair and reasonable and the compensation incentives under the Consulting Agreement were designed to align the interests of the Consultant with the interests of creditors and investors. In these respects, the Consultant's monthly fees are consistent with Mr. Livingstone's salary, so the Consultant's base consideration does not add incremental cost to the Companies' operations. The STSF is tied to improvements in the performance of the PCs, while the LTSF is tied to distributions to investors. Additionally, Mr. Makofka is entitled to an annual bonus in the discretion of the New Board; and
- e) Mr. Makofka is to provide his full-time attention to ACC.

4.0 Separation Agreement

1. Mr. Livingstone is the founder of ACC. He is presently the CEO and the sole director of ACC. He provides director services through Livingstone Holdings Inc. ("LHI"). As discussed above, Mr. Livingstone intends to resign upon the appointment of the Consultant. In connection with his resignation, the Companies, Mr. Livingstone and LHI entered into a Separation Agreement, which is conditional on Court approval. A copy of the Separation Agreement is attached as Appendix "D".
2. The Separation Agreement was negotiated by the Monitor, with input from the Investor Committee. The Monitor also received input from executives at ACC other than Mr. Livingstone. The Separation Agreement provides a full and final resolution to all amounts owing to and from Mr. Livingstone, LHI and ACC and avoids potential litigation among the parties. As discussed below, pursuant to the terms of the Separation Agreement, Mr. Livingstone has agreed to withdraw and limit several of his claims against the Companies and has agreed to assist in the transition of ACC's business to the Consultant.
3. As part of the Claims Procedure, five claims were filed against directors and officers, including against Mr. Livingstone. Four of these claims were filed by members of the Investor Committee and one was filed by another investor. The Monitor also sent a letter to ACC which attached a claim from a member of the Investor Committee advising the Companies it intended to accept one of the claims filed against the directors and officers as a placeholder representative claim made on behalf of all of the Companies' investors. Discussions with respect to the placeholder representative claim are ongoing among the Monitor, ACC and the Investor Committee. It is expected that the Plan will address these claims.

4. A summary of the Separation Agreement is provided below.

- **End date:** The active employment of Mr. Livingstone and the services of LHI shall conclude by mutual agreement on the date the Court makes an order approving the Separation Agreement (the “Effective Date”).
- **Role and Duties:** Up to 11:59 p.m. on the Effective Date, Mr. Livingstone will continue in his position as CEO of the Companies and LHI will continue to provide director services, under the supervision of the Monitor, and will perform such duties and continue to have such authority as is normally associated with the position, including assisting with the transition of duties.
- **Resignation from Additional Positions:** As of 11:59 p.m. on the Effective Date, Mr. Livingstone and LHI will be deemed to have resigned as an officer and director of the Companies. Mr. Livingstone and LHI agree to continue to serve as an officer and director (as applicable) of any subsidiary or affiliate of the Companies until the earlier of (i) such time that ACC is reasonably satisfied that Mr. Livingstone and/or LHI can be removed, (ii) a replacement officer and/or director is appointed, and (iii) October 15, 2021;
- **Vacation:** After the Effective Date, Mr. Livingstone will receive a lump sum payment for outstanding vacation pay owing to him in the amount of \$110,096, which shall be paid to him in accordance with ACC’s policies;
- **Unsecured Claim:** After the Effective Date, Mr. Livingstone will be entitled to a claim against the Companies in the amount of \$191,166, which is equivalent to six (6) months of Mr. Livingstone’s base salary, less the amount of \$83,834 representing personal expenses incurred by Mr. Livingstone and/or LHI owing to ACC. The Monitor understands that Mr. Livingstone’s agreed claim for severance and termination is significantly less than Mr. Livingstone is contractually entitled to, and likely much less than he would be entitled to under common law if his contract was ignored. For clarity, this unsecured claim will be treated as a general unsecured claim against ACC and will be paid on a *pari passu* basis with all other general unsecured claims pursuant to the Plan.
- **Waiver of 2019 Bonus.** Mr. Livingstone will waive any right to payment of an unpaid portion of his 2019 bonus, being \$378,630.
- **Settlement of Shareholder Loan:** ACC will waive all outstanding loan amounts owing from LHI to ACC (which amount is approximately \$196,000) in consideration for LHI assigning to the Companies its outstanding loan in the amount of \$54,975 currently owing from Pipe Yard Properties Ltd., a PC.
- **Post-Transition Information Sharing:** Mr. Livingstone will remain reasonably available to ACC for a period of six (6) months from the Effective Date for post-transition information sharing.

- **Limit of Liability under CCAA Plan:** ACC agrees that the Plan it proposes will provide that, subject to any limitations in the CCAA, Mr. Livingstone and LHI will have no personal liability in respect of any claims against Mr. Livingstone and LHI in their capacity as an officer or director of the Companies, and that any such claims would be limited to recoveries under Ardenton's applicable Directors and Officers Liability Insurance policies. Mr. Livingstone and LHI will waive all indemnities provided to them by Ardenton for the pre-Effective Date period, which indemnities rank senior to many of the investor claims.
- **Mutual Release:** ACC and Mr. Livingstone and LHI will enter into a mutual release.

4.1 Recommendation

1. The Monitor recommends that the Court approve the Separation Agreement for the following reasons:
 - a) the Investor Committee supports the terms of the Separation Agreement;
 - b) the Separation Agreement avoids potentially protracted and costly litigation with Mr. Livingstone. The Separation Agreement will allow the Companies to focus on the Plan and operational matters;
 - c) Mr. Livingstone and LHI will provide the Companies with a broad full and final release of all claims they may have against the Companies;
 - d) parties with claims against Mr. Livingstone will still be able to pursue the Insurance in respect of any potential director and officer claims, but without creating indemnity claims against ACC that would be senior to most of the investor claims in accordance with the terms of the preferred securities and hybrid securities issued by the Companies;
 - e) the Separation Agreement is fair and reasonable, in the circumstances, as it represents a commercially reasonable compromise in respect of the claims against the Companies and it is in the best interests of the Companies and their respective stakeholders; and
 - f) the Separation Agreement provides that Mr. Livingstone will assist with transition issues, which should help avoid any disruption to Ardenton's operations.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court grant the relief detailed in Section 1.1(1)(c) of this Report.

* * *

All of which is respectfully submitted.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix “A”

Organizational
Chart as
of January 31,
2021

**Ardenton
Capital
Corporation**

**Ardenton
Capital
(Canada)
Inc.**

**Ardenton
Capital
Bridging
Inc.**

**Ardenton
Capital
Limited**

**Ardenton
Employee
Equity
Inc.**

**Ardenton
Equity
Partners
Inc.**

**Ardenton
Financial
Inc.**

**Ardenton
Partners
Inc.**

**Go
Plumbing
and HVAC
Services
Ltd.**

**Regimen
Equity
Partners
Limited
Partnership**

**1971035
Ontario
Inc.**

**Blakie Land
Holdings
Inc.**

**Ardenton
Capital
(USA), Inc.**

**Comtrad
Strategic
Sourcing
Inc.**

**Ardenton
Capital
Investments
Limited**

**G.K.
Mechanical
Ltd.**

**Leader
Mechanical
Contracting
Ltd.**

**Canadian
Posters
International
Inc.**

**Combat
Land
Holdings
Inc.**

**Achieve 1
Holdings
LLC**

**Aghoco
1507
Limited**

**Ardenton
Care
Holdings
Limited**

**BGC
Investco
Limited**

**FIBG
Holdco
Limited**

**PPCA
Holdco
Limited**

**Shaftec
Topco
Limited**

**Combat
Networks Inc.**

**The Pipe Yard
Properties Ltd.**

**Achieve 1
LLC**

**W. Corbett &
Co.
(Galvanizing)
Limited**

**Pebble
Holdco
Limited**

**BGC Bidco
Limited**

**Food
Innovations
Baking
Group
Limited**

**PP Control &
Automation
Limited**

**Shaftec
Holdco
Limited**

**Stevenson
Industrial
Refrigeration
Ltd.**

**The Pipe Yard
Ltd.**

**Care Holdings
Limited**

**Ardenton
Care
Propco
Limited**

**Pebbles Care
Limited**

**Budget
Greeting
Cards
(Ireland)
Limited**

**Budget
Trading
Limited**

**Doric Cake
Crafts
Limited**

**Doric
Crimped
Limited**

**Doric FPD
Limited**

**Food
Innovations
Holdings
Limited**

**M&B of
London
Limited**

**Shaftec
Automotive
Components
Holdings
Limited**

OES Inc.

**Partners
in Care
Limited**

**Radical
Services
Limited**

**A
Significant
Other
Limited**

**Crossway
Services
Limited**

No. 57 Ltd.

**Budget
Greeting
Cards
Limited**

**Xquisite
Gift
Dressings
Limited**

**Doric
Crimped
Properties
Limited**

**Food
Innovations
(Manufacturing)
Limited**

**Shaftec
Automotive
Components
Ltd.**

**Direct
Greetings
Limited**

Appendix “B”



Kyle Makofka

President & CEO | [in](#)

AREAS OF EXPERTISE

Developing Business Systems

Developing Technologies

Quality Management Systems

Process Optimization

Project Management

Competency Based Training

Programs

Wellbore Optimization

Specialized Services for Plant and

Pipeline Construction

Oilfield Service Company Growth

Strategies

Manufacturing Process

Entrepreneur Development

PERSONAL SKILLS

Resourceful

Leader

Strategic

Driven

Analytical

Visionary

CONTACT INFORMATION

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Over 29 years of experience as a Founder, Partner, or Senior Manager in multiple companies that have led to operations in over 14 different Countries. I am focused on driving a rate of return on investments through optimizing organizational structure and efficiency, using the principles of management in coalition with unique integrated business systems and software. My focus is on emerging markets or specialized technology that require prevalent business development. My team and I only take on specific projects and with a strategic focus on execution and return on investment for the stakeholders.

PROFESSIONAL EXPERIENCE

Kingsman Scientific Management Inc. – Calgary and Red Deer, AB

FOUNDER

2005 – Present

- As Founder and President of KSM, my team and I work with Family Offices and Corporations to evaluate, build, or restructure companies to grow and protect their return on investments. We manage and develop partner companies through technological innovation and implementation of quality-based business management systems, ultimately elevating these businesses to unrealized potential.
- Corporate or investment portfolio due diligence.

Hemostemix Inc. (HEM.V) – Calgary, AB

PRESIDENT & CEO

Oct 2017 – Oct -2019

CHIEF RESTRUCTURING OFFICER

Dec 2016 – Oct 2017

- President & CEO of this publicly traded clinical-stage biotechnology company focused on developing and commercializing a proprietary autologous cell therapy to treat ischemic diseases.
- Phase 2 Clinical trials – Health Canada, US FDA.
- Chief Restructuring Officer from 2016-2017.

Midstream Silica Inc. – Red Deer, AB

PRESIDENT & CEO

2016 – Present

- Currently President & CEO of this transload company with operations in Western Canada.
- Restructured and expanded business through implementation of quality-based business management systems.
- Doubled capacity resulting in substantial revenue increases.

Aspire Health Science - Orlando Florida

DIRECTOR

2017 – Present

- FDA compliant manufacturer for Biologics.
- GMP compliant manufacturer.
- Stem Cell Research and Development group.
- Manufactures Cell Based therapies.

Quantum Petrophysics Inc. – Red Deer, AB

FOUNDER

2010 – 2018

- Founded Quantum to provide innovative, highly technological logging instrumentation for energy sector application.

Drive Capital Corp. – Red Deer, AB

FOUNDER / DIRECTOR

2012 – 2018

- Managing Director of this private equity firm specializing in a variety of service companies and commercial development.

Red Flame Industries – Red Deer, AB

OWNER/OPERATOR VP BUSINESS DEVELOPMENT

2011 – 2013

- Doubled revenue and double EBITDA before monetization event.
- Developed and implemented procedures to become an ISO Certified Shop.
- Developed and implemented procedures to become an API Certified Shop.
- Industry Leader in Specialized Hot Tap Services.
- Developed the large diameter inflatable bag isolation system for pipeline.

Victory Rig Equipment – Red Deer, AB

OWNER/PARTNER/ PRESIDENT

2007 – 2009

- Grew this manufacturing company from \$9 million to \$52 million in sales. Sold company to Trinidad Drilling.
- Developed High Torque Top Drive.
- Developed 250-ton Direct Drive Top Drive.
- Developed Mobile Drilling Rig System for operations in Mexico and Russia.

Exact Canada Industries – Red Deer, AB

OWNER/PARTNER/ VICE PRESIDENT

2004 – 2007

- Grew this manufacturing company from \$350,000 to \$10.5 million, ultimately selling the company in 2007.
- On Venture Magazine's Fast Growth 50 list for 2 years.
- Nominated for Red Deer Chamber of Commerce Business of the Year.
- Developed Super Single Rig for 75% Road Band.
- Only ISO 9001 certified manufacturing shop in Red Deer at that time.

Victory Energy Rentals – Red Deer, AB

PRESIDENT/FOUNDER

2002 – 2004

- Grew this business from \$0 to \$2 million in sales in 24 months, ultimately selling to my partner in 2004.

High Arctic Well Control – Red Deer, AB

GENERAL MANAGER

1999 – 2004

- Assisted in growing the company from a local 3 rig company to a \$75 million trust in 5 years, operating in 4 different countries.
- In charge of operations, staffing, training, technology, safety, and manufacturing.
- Developed first underbalanced multi zone Snub Fracturing System.
- Constructed the only 11" 10,000 PSI snubbing unit in Canada.
- Project Managed the highest pressure snubbing operation in Canada with 11" stack (CNRL Grande Cache).
- Project Manager and Well Site Supervisor for the first Stand Alone Snubbing System to operate in Argentina.
- Committee Lead for the initial recommended practices for snubbing operation in Canada. Adopted as IRP 15.
- First rig company in Canada to be ISO 9001 certified.
- First snubbing company to have competency-based training program, which led to an industry wide adoption initiative.
- Developed Version 1 of Rack and Pinion Snubbing System.
- Developed Version 1 of Underbalanced Rotation Flow Diverter for drilling operations.

PanCanadian Petroleum – Red Deer, AB

WORKOVER AND COMPLETIONS FOREMAN

1997 – 1999

FIELD OPERATION AND PROCESS

1993 – 1997

FACILITY CONSTRUCTION AND MAINTENANCE

1991 – 1993

PROFESSIONAL ACHIEVEMENT

- Worked in various capacities throughout Canada, USA, Argentina, Armenia, Australia, Dubai, Malaysia, Mexico, Norway, Papua New Guinea, Russia, Singapore, and Ukraine.
- Mentored and developed a multitude of staff that have been successful and safe throughout their careers.

Appendix “C”

CONSULTING AGREEMENT

BETWEEN:

KINGSMAN SCIENTIFIC MANAGEMENT INC.
(the "**Consultant**")

-and-

ARDENTON CAPITAL CORPORATION
(the "**Company**")

WHEREAS on March 5, 2021 the Supreme Court of British Columbia (the "**Court**") made an order in Court File No. S-211985 granting the Company and its subsidiary, Ardenton Capital Bridging Inc. ("**ACBI**", and with the Company, the "**Debtors**"), protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**", with such proceedings being the "**CCAA Proceedings**") and appointing KSV Restructuring Inc. as monitor of the Debtors (the "**Monitor**");

AND WHEREAS the primary purpose of the CCAA proceedings is to provide the Debtors with the opportunity to restructure their debt obligations pursuant to a plan of compromise or arrangement to be filed (the "**CCAA Plan**");

AND WHEREAS pursuant to an order pronounced March 31, 2021 in the CCAA Proceedings (the "**Committee Order**"), the Monitor was authorized to create a single investor committee (the "**Investor Committee**") comprised of up to seven individuals who either personally hold or represent entities holding securities issued by the Debtors as set out in Schedule "B" to the Committee Order;

AND WHEREAS the Company would like to engage the Consultant, and the Consultant wishes to be engaged by the Company, to provide certain services as described below;

NOW THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the Consultant and the Company agree as follows:

1. Services

- (a) The Company hereby engages the Consultant to provide the personal services of Kyle Makofka (the "**Representative**") to perform the following services and any other services as the parties may agree upon from time to time (the "**Services**") under this Agreement:
 - (i) during the "**CCAA Period**", being the period from the Effective Date (as defined below) up to and including the earlier of the date the CCAA Plan is implemented and the termination of the CCAA Proceeding in respect of the Debtors, the Representative shall perform for the Company the services typically performed by a Chief Restructuring Officer during a CCAA Proceeding, including but not limited to, the following:
 - (A) acting as one of the signing authorities for the Company, including entering into agreements on behalf of the Company, provided any material agreement is approved by the Monitor or the Court, as required;

- (B) engaging and/or terminating Company employees or contractors and directing Company employees or contractors with respect to day-to-day operations to preserve and enhance the going concern value of the Company;
 - (C) assist the Monitor and Investor Committee in the development, negotiation, evaluation and implementation of the CCAA Plan;
 - (D) making decisions with respect to operations that will enable or assist the parties to complete the proposed restructuring; and
 - (E) providing direction for the Company throughout the CCAA Period;
- (ii) during the "**Post CCAA Period**", being the period after the CCAA Period, the Representative shall perform the services typically performed by a Chief Executive Officer, with a focus on management of the Company's portfolio companies and maximizing the Company's return on its investment in the portfolio companies, including providing such services to support the Company's subsidiaries and affiliates as the Company may direct; and
 - (iii) the Representative shall serve as a director and/or officer of the Company and any of its subsidiaries or affiliates, without additional compensation, as required by the Company.
- (b) The Consultant states that the Representative has and will have the required skills and experience to perform the Services. The Consultant shall not delegate or assign the performance of the Services to any other person other than the Representative without the prior written consent of the Monitor and the Investor Committee during the CCAA Period or during the Post CCAA period without the prior written consent of the new Board of Directors of the Company to be appointed in connection with the implementation of the CCAA Plan (the "**Board**"). The Consultant also acknowledges that neither the Consultant nor Representative shall retain any third party consultant during the CCAA Period without the prior written consent of the Monitor and the Investor Committee or during the Post CCAA period without the prior written consent of the Board.
 - (c) The Consultant further states that the letter dated June 7, 2021 and the email dated June 8, 2021 from the Consultant to the Monitor provides full and accurate disclosure of all current affiliations and commercial transactions of the Consultant, the Representative and the Representative's immediate family members with members of the Investor Committee and with the Company, its subsidiaries and affiliates, as well as their respective current director roles (the "**Disclosure**"). During the CCAA Period, the Consultant, the Representative and the Representative's immediate family members shall not enter into any new affiliations, director roles or commercial transactions with members of the Investor Committee without the prior written consent of the Monitor and the Investor Committee and, during the Post CCAA Period, without the Board's prior written consent. Without limiting the scope of the Disclosure, the Consultant and the Representative further state that they are not indebted to any member of the Investor Committee (or any affiliates thereof) and that all financial relationships with any member of the Investor Committee (or any affiliates thereof) have been disclosed to the Investor Committee.

- (d) The Consultant and the Representative will perform the Services on a "full-time" basis commencing as of the Effective Date. The Company acknowledges that the Consultant has four active mandates for other clients (the "**Existing Mandates**"). The Consultant hereby agrees that the Consultant and Representative will cease performing services on the Existing Mandates by the later of (i) 90 days after the Effective Date and (ii) such later date as if approved in writing by the Investor Committee or Board (as applicable). The Consultant and the Representative will not accept any other mandates or provide any other services during the CCAA Period without the Investor Committee's prior written consent or during the Post CCAA Period without the Board's prior written consent. For clarity, the Representative is permitted to continue to serve as a director of Daystar Mechanical, Hubble Incubator, Pride Petroleum Ltd. and the Consultant.

2. Term of Agreement

This Agreement is conditional upon obtaining an Order of the Court in form and substance acceptable to the Company and the Consultant which, among other things, (i) approves this Agreement, (ii) provides that the Consultant and the Representative shall have no liability to any party during the CCAA Period other than in respect of gross negligence or wilful misconduct by the Consultant or the Representative, (iii) provides that during the CCAA Period the Consultant shall be entitled to the benefit of and is granted a charge on the Property as security for its fees and disbursements incurred hereunder, which charge shall be *pari passu* with the Administrative Charge granted pursuant to the Amended and Restated Initial Order pronounced on March 15, 2021 in the CCAA Proceedings, (iv) during the CCAA Period provides that no action or other proceeding shall be commenced directly or indirectly against or in respect of the Consultant or the Representative without leave of the Court, and (v) provides that this Agreement will be effective from the date of such Order (the "**Effective Date**"). After the Effective Date, the Agreement will continue for a term of five (5) years (the "**Term**"), unless this Agreement is terminated earlier in accordance with Section 15 below.

3. Base Fee for Services

During the Term, the Company shall pay to the Consultant for the provision of the Services a base fee at the rate of \$ [REDACTED] per month (the "**Base Fee**"), which is equivalent to annualized compensation of \$ [REDACTED].

4. Short-Term Success Fee

During the Post CCAA Period and for the balance of the Term, the Consultant will also be eligible to receive, on an annual basis, a short-term success fee (the "STSF") for the successful performance of the Services as follows:

- (a) up to \$ [REDACTED] for a [REDACTED]% improvement in EBITDA calculated consistently from year-to-year based on the Company's financial statements using a baseline of trailing twelve months EBITDA for the twelve completed months immediately prior to the Effective Date for all of the Company's portfolio companies listed on Schedule "A" (the "**Initial Baseline**"). EBITDA shall be calculated excluding management fees paid by the Company's portfolio companies listed in Schedule "A" to the Company or to one of the Company's subsidiaries and on the basis provided in Schedule "A". The Initial Baseline is \$ [REDACTED] and will be reset for each twelve month period after the Effective Date (with each such period being a "**Year**") by the greater of [REDACTED]% and the actual increase in the prior Year's EBITDA (the "**Reset Baseline**"). The STSF will only be payable in any Year to the extent that EBITDA exceeds the Initial Baseline for the first Year of the Term or the

then applicable Reset Baseline for each additional Year of the Term, and will be payable on a pro-rated basis from the then applicable baseline to the new applicable baseline multiplied by █%. Each Year will be assessed independently, and the Consultant is not eligible to aggregate increases over multiple Years for the purposes of earning an STSF. In addition, if any portfolio company on Schedule "A" is sold, the Reset EBITDA will be adjusted for the Year following such sale to exclude the EBITDA related to such sold portfolio company so that the STSF is payable only on the increase in EBITDA of the remaining portfolio companies; and

(b) █, at the sole discretion of the Board.

Notwithstanding the foregoing, if during the Post CCAA Period the STSF is not payable when assessed using the factors set out in Section 4(a), the Board may, in consultation with the Consultant, adjust the factors considered in calculating the STSF for the purposes of any Year in a manner that would permit payment of the STSF that would otherwise have been payable during the subject Year or a portion thereof.

5. Long-Term Success Fees

During the Post CCAA Period, the Consultant will also be eligible to receive long-term success fees (the "LTSF") based on the quantum of cash payments made to the creditors of the Debtors under the CCAA Plan ("Repayments") on the terms outlined in Schedule "B", and payable as such Repayment Thresholds (as defined on Schedule "B") are achieved. For clarity, creditors include the Debtors' investors, whether in respect of their existing debt or any portion of the equity of the Company that they may hold in the Post CCAA Period.

6. Expenses

The Company shall reimburse the Consultant for the Consultant's out-of-pocket business expenses reasonably and properly incurred by the Consultant or the Representative in the performance of the Services in accordance with this Agreement. Expenses are reimbursement of actual costs incurred and the Consultant is not permitted to charge any service or administrative fee on such expenses. Any expense of \$15,000 or more to be incurred during the CCAA Period must be pre-approved by the Monitor and Investor Committee in writing, and during the Post CCAA Period, by the Board. For all expenses, the Consultant shall furnish to the Company satisfactory statements and receipts, which for clarity shall include the name of the person the Representative meets with and the reason for the expense.

7. Invoices and Applicable Taxes

Invoices for the Base Fee, together with satisfactory statements and receipts for all expenses claimed by the Consultant, shall be submitted by the Consultant to the Company on the 15th day of each month during the term of this Agreement. Payment will be made to the Consultant by the Company within 30 days from receipt by the Company of an invoice.

All payments (including the Base Fee, STSF and the LTSF) from the Company to the Consultant under this Agreement are subject to any applicable HST, GST and sales tax.

8. Intellectual Property

The Consultant and the Representative hereby assign to the Company all rights to, titles of and interests in any improvements, technologies, trade secrets, works, source code, computer programs, data, know-how, licenses, and all other materials, information, instruction (technical or other), as well as their derivatives, whether they can be patented or not, whether they can be protected by copyright or not, that are (i) conceived, developed or produced, directly or indirectly by the Consultant or Representative, alone or with others during the Term, and (ii) implemented as part of the Company's business or operations (collectively, the "**Intellectual Property**").

9. Equipment and Tools

The Consultant shall provide at its own risk and expense all equipment and tools that may be required to perform the Services. The Consultant warrants that all such equipment and tools will be in good repair and appropriate for the task.

10. Licenses and Permits

The Consultant shall be responsible for obtaining all necessary licenses and permits and for complying with, and ensuring the Representative complies with, all applicable laws, codes and regulations in connection with the provision of the Services.

11. Insurance

During the Post CCAA Period, the Representative shall be covered by the Company's directors' and officers' liability insurance, which shall be established and maintained by the Company at its expense. The Company agrees to take reasonable steps to obtain such insurance with coverage not less than \$5,000,000.

12. Indemnity

The Consultant and the Representative shall, on a joint and several basis, indemnify the Company and any related or associated companies and their respective boards of directors, officers, employees or agents, from and against all claims, actions, demands, suits, liabilities, losses, expenses, costs, penalties, or damages for liabilities under the *Income Tax Act* or other applicable legislation for the failure of the Company to make withholdings from any fees or payments from the Company to the Consultant under this Agreement, which the Company, or any related or associated companies, and their respective boards of directors, officers, employees or agents may have or suffer arising out of the Consultant providing the personal services of the Representative.

Notwithstanding Section 11, the Company agrees to indemnify each of the Representative and the Consultant (each, an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") to the maximum extent permitted by law, against all costs, charges and expenses, including, without limitation, all amounts paid to settle any action or satisfy any judgment, reasonably incurred by the Indemnified Parties in respect of any civil, criminal, administrative, investigative or other proceeding (collectively, a "**Proceeding**") in which the Indemnified Party is involved because of the Indemnified Party's association with the Company, provided that: (i) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Company; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct was lawful. The Company shall advance monies to the Indemnified Party for

the costs, charges and expenses of any Proceeding referred to above, provided that the Indemnified Party shall repay the monies if the Indemnified Party does not fulfill the conditions set out in (i) and (ii) above.

13. Independent Contractor

- (a) In the performance of this Agreement, each of the Representative and the Consultant will at all times act in the Representative's and Consultant's own capacity and right as an independent contractor. The Company will not be required to pay for or maintain any employee benefits, including workplace safety insurance (workers' compensation), Canada Pension Plan, employer health tax, employment insurance and other similar levies, nor to make withholdings and remittances for income tax in respect of any remuneration payable by the Company to the Consultant or by the Consultant to the Representative pursuant to this Agreement or otherwise. The Consultant will be solely responsible for making all such contributions, premium payments and income tax remittances in conformity with any applicable statutory requirements on the Representative's and/or Consultant's own behalf.
- (b) The Representative is not an employee of the Company and shall not be entitled to receive from the Company any employment benefits. For clarity, the Consultant and the Representative agree that the Representative is not entitled to the rights and benefits afforded to the Company's employees, including participation in any of the Company's group insurance plans, vacation pay, overtime pay, termination pay or severance pay. The Consultant and the Representative expressly acknowledge and agree that the Company shall not, under any circumstances, be required to provide any notice, or compensation or damages in lieu of notice, of the termination of the Services beyond that provided for under Section 15 below.

14. Confidentiality

The Consultant and the Representative acknowledge that, because of the nature of the Services to be provided, the Consultant and the Representative will have access to confidential information about the business and affairs of the Company and its subsidiaries or affiliates ("**Confidential Information**"). The Consultant and the Representative agree that, during and after the term of this Agreement, the Consultant and the Representative will not disclose to any person (except in the proper course of the performance of the Services) or use for their own purposes or for any purposes other than the provision of the Services, any Confidential Information acquired, created or contributed to by them. Confidential Information does not include (a) the general skills and experience gained by the Consultant and the Representative during the Term, (b) information publicly known or received by them from a third party unrelated to the Company without a breach of an obligation of confidentiality, (c) information the disclosure of which is required to be made by any law or court, and (d) information the disclosure of which is permitted pursuant to any applicable regulatory whistleblowing legislation.

15. Termination

- (a) *By the Consultant:* The Consultant may terminate this Agreement at any time and for any reason upon the giving of 60 days' written notice to the Company.
- (b) *By the Company without Cause prior to the end of the Term:* The Company may terminate this Agreement at any time (including prior to the end of the Term) without cause and with immediate effect as follows:

- (i) Prior to the 12 month anniversary date of the Effective Date upon providing the Consultant with only (i) \$ [REDACTED] as pay in lieu of Base Fees; (ii) pay in lieu of any STSF for the period from the Effective Date to the effective date of termination equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to the end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
 - (ii) On or after the 12 month anniversary date of the Effective Date but prior to the 24 month anniversary of the Effective Date upon providing the Consultant with only (i) \$ [REDACTED] as pay in lieu of Base Fees; (ii) pay in lieu of any STSF equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to the end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
 - (iii) On or after the 24 month anniversary date of the Effective Date but prior to the 48 month anniversary of the Effective Date upon providing the Consultant with only (i) \$ [REDACTED] as pay in lieu of Base Fees; (ii) pay in lieu of any STSF equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
 - (iv) On or after the 48 month anniversary date of the Effective Date but prior to the end of the Term upon providing the Consultant with only (i) the lesser of (A) \$ [REDACTED] and (B) an amount equivalent to the Base Fees from the effective date of termination to the end of the Term as pay in lieu of Base Fees; (ii) pay in lieu of any STSF equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to the end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
- (c) *By the Company for Cause:* Notwithstanding Section 15(b) above, the Company may terminate this Agreement at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the Consultant's or the Representative's failure to comply with any provision of this Agreement or commit any act or omission that would constitute just cause at common law in the event that the Representative was an employee of the Company. In the event of termination for cause pursuant to this

Section 15(c), the Company shall pay all amounts owing to the Consultant under Sections 3 above up to and including the effective date of termination. Without limiting the foregoing, the Parties agree that any breach of the representation or covenant in Section 1(c) of this Agreement shall constitute cause for termination.

- (d) *Termination at end of Term:* Subject to a termination of this Agreement prior to the end of the Term in accordance with Section 15(a), (b) or (c) above, and subject to the Company and the Consultant agreeing in writing to extend the Term, the Consultant's Services shall terminate at the end of the Term and the Consultant shall be entitled to (i) any outstanding Base Fees for Services rendered up to the end of the Term; (ii) eligibility for a STSF for the fifth year of the Term calculated in accordance with Section 4 above; and (iii) any LTSF that is earned based on Repayments to the end of the Term but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the end of the Term, payable within 30 days of such amounts being determined.

In the event that, contrary to the intention of the parties, a court or tribunal having jurisdiction over the parties determines that the relationship between the Company on the one hand and the Consultant and/or the Representative on the other is that of a dependent contractor or employment relationship, then the Consultant and the Representative acknowledge and agree that they will only be entitled to the greater of (1) the Consultant's entitlements under Section 15 above and (2) such minimum amount of notice, severance pay and other minimum entitlements required by the applicable employment standards legislation in full and final satisfaction of any Claim which they might have arising from or relating to the termination of the Services hereunder, whether such Claim arises under statute, contract, common law or otherwise.

16. Effect of Termination

Upon the termination of this Agreement for any reason:

- (a) the Company shall provide the Consultant with all Base Fees accrued and owing as of the effective date of termination, upon the Consultant's provision of an invoice, as well as reimbursement for all eligible expenses that have been incurred and remain outstanding as of the effective date of termination, upon the Consultant's submission of satisfactory statements and receipts;
- (b) the Consultant shall immediately deliver to the Company or permanently delete/destroy any Company property and information (including Confidential Information) that may be in the Consultant's and Representative's possession or control and the Consultant acknowledges that neither the Consultant nor the Representative are permitted to use any of the Company or its affiliates' Confidential Information following the termination of the Consultant's Services for any reason whatsoever; and
- (c) at the Company's request, the Representative shall resign, effective at the time directed by the Company, from any position that the Representative may have as an officer or director of the Company together with any other office, position or directorship which the Representative may hold in any of the Company's subsidiaries or affiliates. In such event, the Representative shall, at the request of the Company, promptly sign all documents appropriate to evidence such resignations. Neither the Consultant nor the Representative shall be entitled to any payments or damages in respect of these resignations in addition to those provided for herein.

17. No Other Entitlements

The Consultant and the Representative acknowledge and agree that they shall have no other entitlements (including to damages of any kind), whether under contract, statute, common law or otherwise, upon the termination of the Services for any reason, except as provided in Sections 15 and 16 above and the Consultant and the Representative shall sign a release of claims as a condition of any payment under Section 15.

18. Survival

Notwithstanding any termination of this Agreement for any reason, the provisions of Sections 8, 11, 12, 13, 14, 15 and 16, and any other provisions of this Agreement necessary to give efficacy those Sections, shall continue in full force and effect.

19. Entire Agreement

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express or implied or statutory between the parties other than expressly set out in this Agreement. Each party waives any right to assert a claim based on pre-contractual representations, negligent or otherwise, made by the other party, its subsidiaries or affiliates or their representatives.

20. Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless in writing and duly executed by both parties. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

21. Severability

If any provision of this Agreement is determined to be invalid or unenforceable in full or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions of this Agreement shall continue in full force and effect.

22. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

23. Attornment

The Company and the Consultant each hereby attorns to the jurisdiction of the courts of the Province of British Columbia.

24. Independent Legal Advice

The Consultant and the Representative confirm that they have each had the reasonable opportunity to confer with an independent legal advisor if they so wished, in advance of signing this Agreement. The

Consultant and the Representative further confirm that they have each read this Agreement and they accept and agree to be bound by its terms.

25. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement this _____ day of _____, 2021.

KINGSMAN SCIENTIFIC MANAGEMENT INC.

Per: _____
Name: Kyle Makofka
Title: Managing Director
I have the authority to bind the corporation

ARDENTON CAPITAL CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation

By signing below, the Consultant's Representative, Kyle Makofka, confirms that he has read, understands and agrees to the terms and conditions above, including his obligations in his personal capacity pursuant to the applicable provisions of this Agreement between the Consultant and the Company.

SIGNED in the presence of:



Witness
Name:

Kyle Makofka

Schedule "A"
Portfolio Companies

North America

1. The Pipe Yard Ltd.
2. Stevenson Industrial Refrigeration Ltd.
3. Combat Networks Inc.
4. OES Inc.
5. The Leone Group
6. Comtrad Strategic Sourcing Inc.
7. Achieve 1 LLC
8. Canadian Posters International Inc.

United Kingdom

1. W. Corbett & Sons (Galvanizing) Limited
2. PP Control & Automation Limited
3. Shaftec Automotive Components Ltd.
4. Budget Greeting Cards Limited
5. Food Innovations Baking Group
6. Pebbles Care Limited

Illustrative Examples for Calculating Short Term Success Fee

"EBITDA" shall be calculated as per below:

Net Income
(+) Interest
(+) Taxes
(+) Depreciation/Amortization
(+) Unrealized foreign exchange gain/loss
(+) Ardenton management fees
=EBITDA

Initial Baseline and Reset Baseline are defined in the Agreement.

[REDACTED]

Example

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Schedule "B"
Long-Term Success Fee

<u>Repayment Thresholds</u>	<u>Minimum Repayments</u>	<u>Maximum Repayments</u>			
Below Threshold	0	200,000			
Level 1	200,000	250,000			
Level 2	250,000	300,000			
Level 3	300,000	350,000			
Level 4	350,000	N/A			
Target					

[Redacted]

[Redacted]

[Redacted]

Appendix “D”

MUTUAL SEPARATION AGREEMENT

This **MUTUAL SEPARATION AGREEMENT** (hereinafter this “**Agreement**”) is made effective the [●] day of [●], 2021

BETWEEN

ARDENTON CAPITAL CORPORATION (the “**Company**”)

- and -

JAMES LIVINGSTONE (the “**Employee**”)

- and -

LIVINGSTONE HOLDINGS INC. (“**LHI**” or the “**Consultant**”)

RECITALS

WHEREAS the Company and the Employee are parties to an employment agreement effective January 1, 2019 (the “**Employment Agreement**”);

AND WHEREAS the Company and LHI are parties to a director services agreement effective January 1, 2019 (the “**Director Services Agreement**”);

AND WHEREAS on March 5, 2021 the Supreme Court of British Columbia (the “**Court**”) made an order in Court File No. S-211985 granting the Company and its subsidiary, Ardenton Capital Bridging Inc. (“**ACBI**”, and with the Company, the “**Debtors**”), protection under the *Companies' Creditors Arrangement Act* (the “**CCAA**”, with such proceedings being the “**CCAA Proceedings**”) and appointing KSV Restructuring Inc. as monitor of the Debtors (the “**Monitor**”);

AND WHEREAS the primary purpose of the CCAA proceedings is to provide the Debtors with the opportunity to restructure their debt obligations pursuant to a plan of compromise or arrangement to be filed (the “**CCAA Plan**”);

AND WHEREAS the Company and the Employee wish to mutually agree to the cessation of the Employee’s employment with the Company in accordance with the terms of this Agreement, which shall supersede and replace the Employment Agreement to the extent referenced in this Agreement;

AND WHEREAS the Company and LHI wish to mutually agree to the termination of the Director Services Agreement in accordance with the terms of this Agreement, which shall supersede and replace the Director Services Agreement to the extent referenced in this Agreement;

AND WHEREAS this Agreement is conditional upon obtaining an Order of the Court in form and substance acceptable to the Company which, among other things: (i) approves this Agreement; (ii) provides that this Agreement will be effective from the date of such Order (the “**Effective Date**”); and (iii) approves the proposed consulting agreement between the Company and Kingsman Scientific Management Inc., dated [to insert] (the “**Consulting Agreement**”).

NOW THEREFORE in consideration of the mutual covenants and releases herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties do hereby covenant and agree as follows:

Terms of Mutually Agreed Separation

Subject to the Employee and Consultant satisfying the conditions below, the following terms will apply:

1. **End Date:** The active employment of the Employee by the Company shall conclude by mutual agreement on the Effective Date.

The services of LHI and the Director Services Agreement shall terminate by mutual agreement on the Effective Date.

2. **Role and Duties:** Up to and including the Effective Date, the Employee shall continue in the role of Chief Executive Officer of the Company under the supervision of the Monitor, and shall perform such duties and continue to have such authority as is normally associated with the position and as may be assigned or delegated from time to time, including assisting with the transition of his duties prior to the Effective Date, subject to any restrictions related to the CCAA Proceedings. At all times up to and including the Effective Date, the Employee shall continue to exercise his duties (i) with due regard to the Company's Business (as defined in the Employment Agreement, recognizing that it will not be financing or acquiring businesses during such time) and (ii) in a manner consistent with all laws applicable to the Company and its subsidiaries and affiliates as well as with the written policies of the Company.

Up to and including the Effective Date, LHI shall continue to provide to the Company the Services (as defined in the Director Services Agreement). At all times up to and including the Effective Date, LHI shall continue to exercise its duties and perform the Services (i) honestly and in good faith with a view to the best interests of the Company and (ii) in a manner consistent with all laws applicable to the Company and its subsidiaries and affiliates as well as with the written policies of the Company.

3. **Resignation from Additional Positions:** As of the Effective Date, the Employee and LHI shall be deemed to have resigned as an officer and director of the Debtors. The Employee and LHI agree to continue to serve as an officer and director (as applicable) of any subsidiary or affiliate of the Debtors until the earlier of (i) such time that the Company is reasonably satisfied that the Employee and/or LHI can be removed, (ii) a replacement officer and/or director is appointed and (iii) October 15, 2021. In performing this role and providing these services, the Employee and LHI shall continue to exercise their duties (i) honestly and in good faith with a view to the best interests of the subsidiary or affiliate of the Debtors and (ii) in a manner consistent with all laws applicable to the subsidiary or affiliate of the Debtors as well as with the written policies of the subsidiary or affiliate of the Debtors. Subject at all times to the Employee's and LHI's duties as set out above, from and after the Effective Date, the Employee and LHI shall take direction from the Company with respect to any action or inaction to be taken as an officer and/or director of any subsidiary or affiliate of the Debtors.

The Employee and LHI shall provide necessary reasonable assistance to the Company to effect the appointment of any replacement officer(s) and director(s), including signing any resignation in a form to be provided by the Company to evidence same.

4. **Fiduciary Obligations:** The Employee acknowledges that he is a fiduciary and has fiduciary obligations to the Company that continue even after the Effective Date.
5. **Salary and Consulting Fee:** The Employee shall continue to receive his base Salary (as defined in the Employment Agreement), on the Company's regular payroll dates, pro-rated to the Effective Date. The Consultant shall continue to receive its compensation set out in the Director Services Agreement in accordance with the Director Services Agreement up to and including the Effective Date, with such compensation continuing to be set-off against LHI's shareholder loan owing to the Company.

6. **Vacation:** After the Effective Date, the Employee will receive a lump sum payment for any accrued but unused vacation pay owing to him up to and including the Effective Date in the amount of \$110,096, which shall be paid out in accordance with the Company's policies.
7. **Unsecured Claim:** After the Effective Date, the Employee will be entitled to a claim against the Company in the amount of \$191,166, which is equivalent to six (6) months of the Employee's base Salary less the amount of \$83,834 representing personal expenses incurred by the Employee and/or LHI owing to the Company.
For greater certainty, (i) the Employee specifically waives any right to payment of the unpaid portion of his 2019 bonus, and (ii) other than payment for outstanding vacation pay under section 6, above, any entitlement of the Employee for payments under this Agreement will be treated as a general unsecured claim against the Company and will be paid on a *pari passu* basis with all other general unsecured claims pursuant to the CCAA Plan.
8. **Settlement of Shareholder Loan:** The Company will waive all outstanding loan amounts owing from LHI to the Company in consideration for LHI assigning to the Company its outstanding loan in the amount of \$54,975 currently owing from Pipe Yard Properties Ltd. as reflected in the financial statements of Pipe Yard Properties Ltd., which are attached hereto as Schedule A.
9. **Post-Transition Information Sharing:** The Employee will remain reasonably available to the Company for a period of six (6) months from the Effective Date for post-transition information sharing, including responding to reasonable queries of the Company that pertain to matters previously under his purview and to provide assistance with the transition of the incoming Chief Restructuring Officer. The Employee shall not receive any additional payment for such information sharing and assistance.
10. **Benefits:** The Employee shall continue to be eligible to participate in the Group Benefits Program (as defined in the Employment Agreement), in accordance with the terms and conditions of the plans up to, and including, the Effective Date (so long as the insurer of such benefits is prepared to continue that coverage), at which time his participation in such plans will cease and it is his responsibility to arrange for alternative coverage.
11. **Record of Employment:** Following the Effective Date, the Company shall issue the Employee a Record of Employment within the timelines required by law noting a mutually agreed departure with "Code A" as the reason for issuing it.
12. **Non-Solicitation and Confidentiality:** Article 4 of the Employment Agreement and Article 10 of the Director Services Agreement shall continue to apply under this Agreement.
13. **Mutual Non-Disparagement:** Each party agrees that it shall not do, say, publish, or communicate, in any media or forum, any matter or thing that would reasonably be expected to undermine, disparage or reflect adversely on the reputation, qualifications, character, conduct or behaviour of any other party, including the Debtors, the Monitor, or any of their successors or assigns or any related or affiliated company and any and all of its and their past, present or future directors, officers, employees, agents, shareholders, or representatives in connection with any matter arising out of or relating to the Company's business or the Employee's employment.
14. **Limit of Liability under CCAA Plan:** The Company agrees that the CCAA Plan to be proposed by the Company will provide that, subject to any limitations in the CCAA, the Employee and LHI will have no personal liability in respect of any claims against the Employee and LHI in their capacity as an officer or director of the Debtors, and that any such claims would be limited in recovery to applicable Directors and Officers Liability Insurance coverage.

15. **Waiver of Indemnity:** The Employee hereby waives all indemnities in his favour, whether known or unknown, provided to him by the Company and/or the Debtors or any of their respective successors or assigns or any related or affiliated company, including indemnities provided pursuant to statute, common law, or contract, including without limitation, the provisions of section 5.10 of the Employment agreement that would require the Company to indemnify and hold the Employee harmless from and against any and all loss, cost, liability, and damage (including legal fees) arising out of or connected with, or claimed to arise out of or be connected with, any act performed or omitted to be performed under the Employment Agreement.

LHI hereby waives all indemnities in its favour, whether known or unknown, provided to it by the Company and/or the Debtors or any of their respective successors or assigns or any related or affiliated company, including indemnities provided pursuant to statute, common law, or contract, including without limitation, the provisions of Article 7 of the Director Services Agreement that would require the Company to indemnify LHI and the Employee against any and all expenses, judgments, fines, penalties, settlements, damages and other amounts actually and reasonably incurred (including, without limitation, costs, charges, legal fees and disbursements) by LHI.

Notwithstanding the foregoing, the Employee and the Company will enter into an indemnity agreement in a form satisfactory to the Company, the Monitor and the Employee that applies to services provided by the Employee pursuant to Section 3 above following the Effective Date. To the extent that LHI is expected to provide any services pursuant to Section 3 above following the Effective Date, LHI will also be a party to such indemnity agreement.

Conditions of Mutually Agreed Departure

16. The Terms of this Agreement are conditional on the Employee and Consultant:

- a. signing this Agreement in the space below and returning it to [insert] by 5:00 p.m. PDT on [insert], 2021;
- b. signing the Mutual Release attached at Schedule "A" (the "**Release**") and returning it to [insert] concurrent with return of this executed agreement per section 16a;
- c. signing the resignations required pursuant to section 3, above, in a form to be provided by the Company and returning it in the timeframe specified by the Company;
- d. continuing to report to work and performing the Employee's and Consultant's duties and services in accordance with section 2, above, up to and including the Effective Date, and not resigning nor being terminated for cause prior to the Effective Date;
- e. returning to the Company by 5:00 p.m. PDT on the Effective Date any Company property in the Employee's and/or Consultant's possession or under his/its control;
- f. continuing to abide by the Employee's and Consultant's ongoing duties and obligations, including those obligations that survive termination under the Employment Agreement and Director Services Agreement, respectively; and
- g. executing another copy of the enclosed Release on, and not before, the Effective Date.

The Terms of this Agreement are conditional on the Company:

- a. signing this Agreement in the space below and returning it to the Employee by 5:00 p.m. PDT on [insert], 2021;
- b. signing the Mutual Release attached at Schedule "A" and returning it to the Employee upon receipt of executed copy of same from Employee; and
- c. obtaining an Order of the Court in form and substance acceptable to the Company which, among other things: (i) approves this Agreement; (ii) provides that this Agreement will be effective from the date of such Order; and (iii) approves the proposed Consulting Agreement.

General Provisions

17. **Breach of this Agreement:** In the event of a breach of any term of this Agreement by the Employee, LHI, or the Company, the parties shall be entitled to equitable remedies against each, including specific performance or injunctive relief, in addition to any claim for damages or any other legal remedies each may have.
18. **Representations and Warranties:** Each party represents and warrants:
 - a. it has the power, capacity and authority to execute, deliver and carry out the terms and provisions of this Agreement and to consummate the obligations contemplated hereby; and
 - b. this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms.
19. **Entire Agreement:** This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, and any other prior agreements and arrangements between the Employee, LHI, and the Company, including the Employment Agreement and the Director Services Agreement, except to the extent referenced in this Agreement. The Employee and Consultant waive any right to assert a claim based on pre-contractual representations, negligent or otherwise, made by the Company or its representatives.
20. **Currency:** Unless otherwise stated herein, all amounts referred to in this Agreement shall be in Canadian dollars.
21. **Affiliated Corporations:** This Agreement is between the Employee, LHI and the Company. The Employee and Consultant shall have no right to enforce this Agreement against any party other than the Company.
22. **Assignment:** The Employee and LHI may not assign all or any part of this Agreement and any assignment or delegation made without such consent shall be void. Nothing shall prevent the Company from assigning any of its rights or obligations under the Agreement to any successor entity or entity that acquires substantially all of the Company's assets. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of each party hereto and their or its respective successors and assigns.
23. **Amendment:** No amendment of this Agreement shall be effective unless made in writing and signed by the parties.

24. **Waiver:** Any purported waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
25. **Severability:** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
26. **Counterparts.** This Agreement may be executed in counterparts by the parties, each of which is deemed an original, and all of which taken together constitute one and the same Agreement.
27. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and shall be treated, in all respects, as a British Columbia contract. The parties agree to attorn to the exclusive jurisdiction of British Columbia.
28. **Statutory Deductions and Withholdings:** The Company shall withhold from any amounts payable under this Agreement such federal or provincial taxes and other statutory deductions that are required by applicable law to be so withheld or deducted.
29. **No other Entitlements:** The entitlements outlined in this Agreement are inclusive of any entitlements that may be owed to the Employee and/or LHI including under the Employment Agreement, the Director Services Agreement, the *Employment Standards Act* (British Columbia), and at common law, and no further entitlements are owed.
30. **Acknowledgements:** The Employee and Consultant acknowledge that:
- a. each has had sufficient time to review the Agreement thoroughly;
 - b. neither has been induced to enter into the Agreement;
 - c. there is no contractual obligation preventing the Employee and/or Consultant from meeting his/its obligations to the Company under the terms of this Agreement;
 - d. each has read and understands the terms of the Agreement and their respective obligations hereunder;
 - e. each is receiving good and valuable consideration in exchange for being bound by the terms and conditions of this Agreement and shall not attach enforceability of any such covenants or effectiveness of this Agreement; and
 - f. each has been given a reasonable opportunity to obtain independent legal advice concerning the interpretation and effect of the Agreement, and agrees to the terms and conditions of this Agreement acknowledging having obtained such independent legal advice prior to execution hereof.

[REMAINDER OF THIS PAGE REMAINS BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this _____ day of July, 2021.

Witness:

James Livingstone

LIVINGSTONE HOLDINGS INC.

Per:

Witness:

Name: James Livingstone

Title: Director

I have the authority to bind the corporation

ARDENTON CAPITAL CORPORATION

Per:

Witness:

Name:

Title:

I have the authority to bind the corporation

SCHEDULE "A"

MUTUAL RELEASE

WHEREAS THE PARTIES AGREE THAT the undersigned, their respective executors, heirs, administrators, affiliates, subsidiaries, partners, officers, directors, employees, agents, successors, predecessors, shareholders and assigns, in consideration of the terms and conditions contained in the Mutual Separation Agreement dated [insert] to which this Mutual Release is attached (the "**Agreement**"), hereby release, acquit, remise and forever discharge each other and any and all of their past, present or future respective executors, heirs, administrators, affiliates, subsidiaries, partners, officers, directors, employees, agents, successors, predecessors, shareholders and assigns, from any and all actions, causes of action, claims, suits, penalties, indemnities, proceedings, prosecutions, charges and demands whatsoever and howsoever arising, including those for damages, losses, injuries, indemnification, interest or costs, that the undersigned had, now have or may hereafter have, by reason of any cause, matter or thing, except for actions, causes of action, claims, suits, penalties, indemnities, proceedings, prosecutions, charges and demands arising from (i) the breach of this Mutual Release, (ii) any future payments and entitlements which may be owed to James Livingstone and/or Livingstone Holdings Inc. under the terms of the Agreement, (iii) James Livingstone's and/or Livingstone Holdings Inc.'s failure to comply with his/its ongoing obligations under Employment Agreement between James Livingstone and Ardenton Capital Corporation made effective as of January 1, 2019 (the "**Employment Agreement**") and the Director Services Agreement between Livingstone Holdings Inc. and Ardenton Capital Corporation made effective as of January 1, 2019 (the "**Director Services Agreement**") and the Agreement; and (iv) illegal, fraudulent or tortious conduct of James Livingstone and/or Livingstone Holdings Inc.

AND WHEREAS James Livingstone and Livingstone Holdings Inc. hereby represent and warrant, and it is a condition of settlement, that James Livingstone and Livingstone Holdings Inc. have not committed any illegal, fraudulent or tortious act towards Ardenton Capital Corporation or otherwise taken any steps to harm Ardenton Capital Corporation or violate the terms of the Employment Agreement and/or Director Services Agreement.

AND FOR THE SAID CONSIDERATION the undersigned agree that, except as provided herein, they will not make any claim or take any proceedings against any other person or corporation who might reasonably claim against the undersigned, in any manner or forum, contribution or indemnity in common law or in equity, or under the provisions of any statute or regulation, including the *Employment Standards Act* (British Columbia), the *Human Rights Code* (British Columbia) and the *Occupational Health and Safety Regulation* (British Columbia) and the amendments thereto and/or under any successor legislation thereto, and it is agreed that if such an action or proceeding is commenced, it will immediately be discontinued and that the party commencing such an action shall indemnify the other for the full and actual costs and expenses of responding to the action, for greater certainty such costs being the monies expended not an amount allowed as costs by a court or other forum. This Mutual Release shall operate conclusively as an estoppel in the event of any claim, action, complaint or proceeding which might be brought in the future with respect to the matters covered by this Mutual Release. This Mutual Release may be pleaded in the event any such claim, action, complaint or proceeding is brought, as a complete defence and reply, and may be relied upon in any proceeding to dismiss the claim, action, complaint or proceeding on a summary basis and no objection will be raised by any party to this Mutual Release in any subsequent action that the other parties in the subsequent action were not privy to the formation of this Mutual Release.

AND IT IS FURTHER UNDERSTOOD AND AGREED that James Livingstone and Livingstone Holdings Inc. canvassed any potential human rights claims and agrees that he/it has not and shall not make any claims against Ardenton Capital Corporation, its subsidiaries or affiliates or their

officers, directors, employees, shareholders or agents pursuant to the *Human Rights Code* (British Columbia) or any other similar legislation, including for any workplace harassment, workplace violence, workplace sexual harassment or workplace discrimination.

AND IT IS FURTHER UNDERSTOOD AND AGREED that James Livingstone and Livingstone Holdings Inc. shall indemnify and save harmless Ardenton Capital Corporation, its subsidiaries or affiliates and their officers, directors, employees, shareholders and agents from any and all claims or demands under the *Income Tax Act* (Canada), the *Income Tax Act* (British Columbia), the *Canada Pension Plan*, the *Employment Insurance Act* (Canada), the *COVID-19 Emergency Response Act* (Canada), and the *Canada Emergency Response Benefit Act*, including any regulations made thereunder, and any other statute or regulations, for or in respect of any overpayment of wages or salary by Ardenton Capital Corporation while James Livingstone is receiving payments under the *Employment Insurance Act* or the *Canada Emergency Response Benefit Act*, or any failure on the part of Ardenton Capital Corporation to withhold income tax, *Canada Pension Plan* contributions, employment insurance premiums or benefit overpayments or any other tax, premium, payment or levy from all or any part of the any payments or entitlements to be received by James Livingstone or Livingstone Holdings Inc. under the Agreement.

AND IT IS FURTHER UNDERSTOOD AND AGREED that James Livingstone and Livingstone Holdings Inc. acknowledge and represent that they have not been either directly or indirectly involved in, or asked or directed to participate in, any conduct that could give rise to an allegation that Ardenton Capital Corporation, its subsidiaries or affiliates or their officers, directors, employees, shareholders or agents, have violated any laws applicable to their businesses or that could otherwise be construed as inappropriate or unethical in any way, even if such conduct is not, or does not appear to be, a violation of any law. James Livingstone and Livingstone Holdings Inc. further acknowledge and represent that (i) they have been given the opportunity to report such conduct to Ardenton Capital Corporation and to third parties and that they have not made, and will not make, any such report or complaint to Ardenton Capital Corporation or to any third party, and (ii) they will not cooperate with, encourage or assist any other person or entity in pursuing claims or litigation against Ardenton Capital Corporation, its subsidiaries or affiliates or their officers, directors, employees, shareholders or agents. The foregoing is agreed, however, not to limit James Livingstone's obligation to testify honestly and accurately in any legal proceeding if compelled to do so by a court order or subpoena.

AND IT IS FURTHER UNDERSTOOD AND AGREED that the Agreement and this Mutual Release shall constitute a settlement, including for the purposes of the *Employment Standards Act* (British Columbia), as may be amended from time to time, including any successor legislation.

AND IT IS FURTHER UNDERSTOOD AND AGREED that the acceptance of the consideration pursuant to the Agreement is in full accord and satisfaction of any and all claims, and that the payment of the said consideration pursuant to the Agreement is not an admission of liability by the undersigned.

AND IT IS UNDERSTOOD AND AGREED that each provision of this Mutual Release is distinct and severable and if, in any jurisdiction, any provision of this Mutual Release or its application to either James Livingstone, Livingstone Holdings Inc., or Ardenton Capital Corporation or any circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction or its application to other parties or circumstances.

AND IT IS UNDERSTOOD AND AGREED that this Mutual Release shall be governed by and construed in accordance with the laws of the Province of British Columbia.

THE UNDERSIGNED DECLARE that they have (i) read the Agreement and this Mutual Release, (ii) have received independent legal advice with respect to the Agreement and this Mutual Release prior to signing the Agreement and this Mutual Release, (iii) fully understand the terms of the Agreement and this Mutual Release, (iv) that the consideration stated herein is the sole consideration for the Mutual Release, and (v) that they have voluntarily accepted the said consideration for the purpose of making full and final compromise, adjustment and settlement of all claims as aforesaid.

AND IT IS UNDERSTOOD AND AGREED that this Mutual Release may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution.

IN WITNESS WHEREOF the undersigned have hereto executed this Mutual Release by representatives duly authorized.

Witness:

James Livingstone

LIVINGSTONE HOLDINGS INC.

Per: _____

Witness:

Name: James Livingstone

Title: Director

I have the authority to bind the corporation

ARDENTON CAPITAL CORPORATION

Per: _____

Witness:

Name:

Title:

I have the authority to bind the corporation

Schedule "A"

Pipe Yard Properties Ltd. Financial Statements

See attached.

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