

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

MATTER

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, OF TRADESMEN ENTERPRISES LIMITED PARTNERSHIP

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, OF TRADESMEN ENTERPRISES INC.

APPLICANTS

TRADESMEN ENTERPRISES LIMITED PARTNERSHIP AND TRADESMEN ENTERPRISES INC.

DOCUMENT

**AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

LAWSON LUNDELL LLP  
Barristers and Solicitors  
3700, 205 – 5th Avenue S.W.  
Calgary, Alberta  
T2P 2V7

**Attention: Alexis Teasdale**  
Telephone No.: 403-218-7564  
Fax No.: 403-269-9494  
Email: [ateasdale@lawsonlundell.com](mailto:ateasdale@lawsonlundell.com)

**AFFIDAVIT NO. 1 OF DEAN KATO**

**Sworn on February 1, 2021**

I, **Dean Kato** of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and CEO of Tradesmen Enterprises Inc. ("**TEI**"), the General Partner of Tradesmen Enterprises Limited Partnership ("**TELP**", and together with TEI, "**Tradesmen**" or the "**Company**"). I have personal knowledge of the matters sworn to in

this affidavit unless I indicate that my evidence is based on some other source, in which case I believe that evidence to be true.

2. I make this affidavit in support of the Application by Tradesmen for an order under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), for the following relief:
  - (a) abridging the time for service of notice of this Application, deeming service of notice of this Application to be good and sufficient, and declaring that there is no other person who ought to have been served with notice of this Application;
  - (b) directing that the proposal proceedings of TEI and TELP (together, the “**Estates**”) shall be procedurally consolidated and shall continue under a single estate, authorizing and directing the Proposal Trustee to administer the Estates on a consolidated basis, and granting ancillary relief arising from the procedural consolidation of the Estates;
  - (c) authorizing Tradesmen to obtain and borrow under an interim financing credit facility (the “**Interim Financing Facility**”) between Bank of Montreal (“**BMO**”) and Tradesmen, and granting BMO a priority charge (the “**Interim Financing Charge**”) over Tradesmen’s present and after-acquired assets, property and undertakings (the “**Property**”) in order to secure repayment of the Interim Financing Facility;
  - (d) granting Tradesmen’s counsel, the Proposal Trustee, and the Proposal Trustee’s counsel a first priority charge of \$300,000 over the Property to secure the payment of their respective fees and disbursements incurred in connection with these proceedings (the “**Administration Charge**”); and
  - (e) approving the ranking of the priorities as between the Interim Financing Charge and the Administration Charge, and providing that the Court-ordered charges will rank ahead of any and all charges, security interests and encumbrances against the Property, including BMO’s existing security and any lien or trust claims asserted

by Tradesmen’s subcontractors under the *Builders Lien Act*, S.B.C. 1997, c. 45 (the “**BC BLA**”) and any other applicable builders’ lien legislation.

3. Tradesmen’s primary secured creditor, BMO, and its second secured creditors, PEF 2010 (A) Limited Partnership, PEF 2010(B) Limited Partnership, and PEF 2010(C) Limited Partnership (the “**Fulcrum Entities**”), both support the relief being sought by Tradesmen.
4. In swearing this Affidavit, I do not intend to waive litigation or solicitor client privilege and I expressly maintain and preserve all such privilege that exists.

## **I. PROCEDURAL HISTORY**

5. On February 1, 2021, each of TEI and TELP filed a Notice of Intention to Make a Proposal (each, an “**NOI**”) pursuant to subsection 50.4(1) of the BIA and KSV Restructuring Inc. was appointed as the proposal trustee under each NOI (in such capacity, the “**Proposal Trustee**”).
6. The NOIs were filed to provide a stable environment in which the Company and its advisors may assess whether it is feasible and advisable for Tradesmen to make a viable proposal to its creditors, with the goal of continuing as a going concern in order to maximize recoveries to its creditors through certain litigation described herein, and ultimately, emerging as a viable business.
7. I understand from Alexis Teasdale, counsel to the Company, that as a result of the NOIs being filed, all proceedings against the Company and its assets were automatically stayed for an initial period of thirty days, until March 3, 2021 (the “**Stay Period**”).

## **II. DESCRIPTION OF BUSINESS OPERATIONS**

### **A. Tradesmen’s Business**

8. TELP is a limited partnership established pursuant to the Alberta *Partnership Act*, R.S.A. 2000, P-3 providing general mechanical contracting, facility and pipeline construction, fabrication, assembly, maintenance and turnaround, and infrastructure and utilities services throughout Western Canada. The Company’s corporate head office is in Calgary,

Alberta, and it has an assembly, fabrication, and operations facility in Grande Prairie, Alberta.

9. TEI is Tradesmen's General Partner. TEI is a corporation incorporated pursuant to the laws of Alberta.
10. I am a founding member of Tradesmen and one of my partners in the business is Fulcrum Capital Partners Inc. ("**Fulcrum**").
11. The Company has been operating since 2006, servicing existing facilities and completing major projects throughout Western Canada. Tradesmen has completed projects for the traditional and alternative energy sectors, including oil and gas, mining and metals, infrastructure and utilities, petrochemicals, and renewable energy.
12. Tradesmen currently has five key staff and a number of transitional staff, with the number of employees expected to decline over the next few months. Until recently (as described in more detail below), Tradesmen employed hundreds of workers from all across Canada to assist in the construction of various projects in Alberta and British Columbia.

**B. Circumstances Leading to Tradesmen Filing their NOIs and This Application**

13. Until January 11, 2021, Tradesmen's principal, and essentially, only, contract was for the construction of the "Fording River Operations (FRO) Active Water Treatment Facility South Project" located near Elkford, British Columbia (the "**Project**") for Teck Coal Limited ("**Teck**").
14. Tradesmen entered into the contract with Teck for the Project with an effective date of May 28, 2019 (the "**Teck Contract**"). The Project has significantly grown in scope and thus grown in budget over the past year and a half. The initial budget at the time the Teck Contract was finalized, based on the scope at that time, was approximately \$32 million. The scope of work under the Teck Contract has since grown substantially to a current approved Teck budget of approximately \$101 million, but the projected cost to complete the Project is now approximately \$140 million.

15. The vast change in the scope of work under the Teck Contract, and on the Project generally, meant that numerous change order requests (“**CORs**”) were issued. Teck and Fluor Canada Ltd. (“**Fluor**”), the engineering consultant Teck retained on the Project, consistently failed to approve those CORs in a timely fashion, although eventually the vast majority of them were approved and Tradesmen went on to perform the work required thereunder. The CORs were then placed into change orders pursuant to the Teck Contract, and there was yet further delay by Teck and Fluor for the approval of those change orders.
16. In total, there have been almost 900 CORs issued on the Project in connection with the work Tradesmen was performing. In addition to the CORs, there were also approximately 1,700 requests for information (“**RFIs**”) issued to Teck by Tradesmen. RFIs are a means of gathering further information as to what specifications and other details Teck wanted to be built as part of the Project. Both the number of CORs and the number of RFIs issued on the Project are highly unusual in my 21 years of experience in the construction industry.
17. Tradesmen consistently encountered delays on the part of Teck and Fluor, in their approval of change orders. These delays were contrary to the express terms of the Teck Contract, and caused harm to Tradesmen. Despite numerous CORs being approved and Tradesmen proceeding with the work thereunder, change orders were not approved in a timely fashion as Teck and Fluor joined numerous CORs into a single change order, which then delayed and hindered the approval of that change order. Teck and Fluor also did not permit Tradesmen to invoice for completed CORs until a change order was approved, which further delayed payment under any such approved change orders.
18. As indicated, the changes on the Project amount to tens of millions of dollars. Therefore, any delay by Teck in payment to Tradesmen had a significant and extremely negative impact on Tradesmen’s cash flow, and in turn, its ability to pay its employees, subcontractors and vendors. With respect to employees, Tradesmen routinely employed hundreds of people on the Project, leading to a significant burn rate based on payroll alone. Timely payment from Teck was extremely important to Tradesmen’s ability to meet its payroll obligations. Despite Tradesmen having supplied employees to, and

completed work on, the Project up until January 11, 2021, Teck has made no payments to Tradesmen since December 11, 2020, eliminating Tradesmen's principal source of cash, and crippling the Company's ability to continue its business.

19. Tradesmen eventually provided a notice of default to Teck's counsel by way of a letter dated January 11, 2021. On that same day, Teck issued a notice of termination of the Teck Contract to Tradesmen. Tradesmen has disputed the manner in which Teck terminated the Teck Contract.
20. Teck alleges various grounds for its termination of the Teck Contract, none of which Tradesmen accepts as valid. As of January 11, 2021, Tradesmen's position is that well over \$50 million is due or accruing due to Tradesmen by Teck, representing amounts pursuant to approved CORs, change orders that were approved because Teck requested the work to be performed, change orders that were not approved but should have been approved, the original Teck Contract scope of work, and other miscellaneous amounts which Tradesmen is still in the process of tabulating and collecting.
21. Tradesmen has filed claims of builders' liens against title to lands and interests in lands where the Project is located and upon which Tradesmen did work, including parcels owned by Canadian Pacific Limited and the Province of British Columbia, as well as a statutory right of way owned by FortisBC Energy Inc. The amount claimed under each of the builder's liens is \$48.55 million (collectively, the "**Liens**"). True copies of the Liens are attached to this Affidavit and collectively marked as **Exhibit "A"**.
22. Tradesmen anticipates that it will file a further lien or liens against the properties described in the previous paragraph as it gathers and quantifies additional outstanding amounts.
23. Ultimately, Teck's purported termination of the Teck Contract, and Teck's and Fluor's history of delayed approval and payment of the numerous CORs, progress claims, and change orders associated with the increased scope of work on the Project, has caused Tradesmen to experience a significant liquidity crisis, and further, has caused Tradesmen to currently be unable to pay its debts generally as they come due. Given Tradesmen's

current financial circumstances, its only alternative was to seek court protection by filing the NOIs.

### **C. Proposed Course of Action Respecting the Liens**

24. Tradesmen intends to, among other things, enforce the Liens, and any other liens that it files, by way of a court action to be commenced in the Supreme Court of B.C. as is required pursuant to the BC BLA.
25. As such, an action is currently being prepared and I believe the claims, most of which have already been presented to Teck prior to and after the termination of the Teck Contract, are meritorious. Tradesmen performed well over \$100 million of work on the Project for Teck's benefit, a significant amount of which was not paid for, as represented by the substantial amounts claimed under the Liens, as well as the amounts yet to be claimed in liens that Tradesmen anticipates it will be filing in due course. The work performed on the Project also includes work by Tradesmen's subcontractors and vendors for which full payment has yet to be made by Teck. At no time during Tradesmen's performance of its work on the project did Teck raise any material and significant issues concerning the quality of Tradesmen's workmanship on the Project. In other words, the failure to pay is primarily related to the increase in scope requested by Teck, Teck's approved budget, and differences of opinion regarding interpretation of the Teck Contract, not because of performance issues on the part of Tradesmen.
26. Tradesmen intends to continue to assess its claims and the best manner in which to prosecute them as part of considering its course of action in these NOI proceedings.

### **III. DESCRIPTION OF ASSETS AND LIABILITIES**

27. As of November 30, 2020, Tradesmen had the following principal assets:

<b>Description</b>	<b>Book Value</b>
Accounts Receivable	\$ 16,837,236
Account Receivable Accrual	\$ 33,857,626
Prepaid Expenses and Deposits	\$ 159,044
Inventory	\$ 453,268

<b>Description</b>	<b>Book Value</b>
Capital Assets (net of amortization)	\$ 1,158,440
Long Term Investments	\$ 49,367
<b>Total Assets</b>	<b>\$ 52,514,981</b>

28. Tradesmen’s most significant asset is its litigation respecting the Liens and other litigation against Teck and Fluor (the “**Litigation**”). The amounts owing in the accounts receivable and accounts receivable accrual line items in the previous paragraph include a portion, but not all, of the amounts owing from Teck.
29. As of November 30, 2020, Tradesmen had the following principal liabilities:

<b>Description</b>	<b>Book Value</b>
Bank Overdraft	\$24,745,914
Accounts Payable	\$19,121,627
Contractor Accrued Payables	\$533,196
Payroll Liabilities	\$1,715,727
Government Remittance (Receivable)	\$(218,059)
Shareholder Loan (Principal only)	\$1,500,000
Due to Shareholders	\$258,542
<b>Total Liabilities</b>	<b>\$47,656,947</b>

30. BMO is Tradesmen’s senior secured creditor pursuant to a Fourth Amended and Restated Loan Agreement (the “**LOA**”) dated July 6, 2020. A true copy of the LOA is attached hereto and marked as **Exhibit “B”**.
31. Pursuant to the LOA, BMO granted to Tradesmen an operating line facility limited to the amount of \$23 million, which is referred to in the table above as the “Bank Overdraft.” As at January 25, 2021, Tradesmen owed BMO approximately \$24.5 million, and is therefore in excess of its operating facility limit.
32. Fulcrum is also the General Partner of the Fulcrum Entities, which together guaranteed Tradesmen’s debt to BMO under the LOA under a guarantee dated July 6, 2020. Pursuant



to a Guarantee Fee and Indemnity Agreement between Tradesmen, TEI, and the Fulcrum Entities dated July 6, 2020 (the “**Guarantee Indemnity**”) and a Promissory Note dated August 13, 2020 (the “**Note**”), the Fulcrum Entities provided an interim shareholder loan to TELP in the amount of \$1,500,000. By way of a Security Agreement dated July 6, 2020, Tradesmen granted a security interest in all of its present and after acquired property to the Fulcrum Entities to secure its obligations under the Guarantee Indemnity and the Note.

33. As at December 31, 2020, Tradesmen owed the Fulcrum Entities a total of approximately \$1.8 million, inclusive of interest.
34. After its obligations to BMO and the Fulcrum Entities, Tradesmen’s most significant liability is the approximately \$16.9 million it owes to subcontractors on the Project. This indebtedness is a direct result of the lack of a timely process to approve change orders as mentioned above. Tradesmen’s subcontractors may file liens against the Project and/or assert trust claims against Tradesmen in connection with the amounts owed to them by Tradesmen.
35. Tradesmen’s employee costs have already been significantly reduced, and are expected to be further reduced. Immediately following Teck’s termination of the Teck Contract, the Company laid off 600 craft labourers and others directly related to the Project. In addition, while Tradesmen has retained a number of transitional operations and support staff for demobilization and close-out of its work on the Project, the term of employment for those individuals spans between one and 12 weeks, such that the number of transitional staff will rapidly decline.
36. Tradesmen has also retained 5 key staff in leadership, business development, estimating, safety and finance, in order to maintain operations and assist its counsel with the Teck lien litigation, as well as one operations manager employed on a short term basis to manage and protect Tradesmen’s Grande Prairie assets.
37. Tradesmen also anticipates that its operational costs will decline over the next several weeks as invoicing is brought current and new lien claims are prepared and filed.

### **III. TRADESMEN'S NOI PROCEEDINGS**

#### **A. Purpose of NOI Proceedings**

38. The purpose of these NOI proceedings is to provide Tradesmen with the stability and breathing room to engage with its primary stakeholders on the best approach for pursuing and funding the Litigation, with the ultimate goal of continuing as a going concern in its business as a general contractor. The pursuit of the Litigation and preservation of Tradesmen's business will maximize recoveries for its creditors, and avoid the catastrophic effects of bankruptcy.
39. Tradesmen believes that the value of the Litigation will be maximized if Tradesmen remains in control of the Litigation. The Company's employees and counsel have historical and comprehensive knowledge of the Project and the circumstances leading to the filing of the Liens, which is necessary for the effective prosecution of the Litigation. As indicated above, there were almost 900 CORs that were issued on the Project. In addition, over 1,300 letters were sent by Tradesmen in connection therewith (including with respect to other matters such as the work under the Teck Contract, the approval of the CORs, the approval and amendments to change orders and the administration of the approximately 1,700 RFIs).

#### **B. Anticipated Steps During the Stay Period**

40. In light of the objectives discussed in the previous section of this Affidavit, Tradesmen's priorities during the Stay Period are to:
- (a) pay critical expenses that will enable Tradesmen to keep the lights on and preserve the value of the Company's business, namely information technology expenses, professional fees (engineering, legal) related to the lien litigation, and retention of a limited group of key staff;
  - (b) complete demobilization on the Project, subject to agreeing to payment terms with Teck, including negotiating with Teck for the assumption of obligations related to rented and owned equipment that is presently on-site and the corresponding reduction in liabilities to Tradesmen;

- (c) work with its primary stakeholders to determine the most effective manner in which to prosecute and fund the Litigation, while continuing to assess the merits of, and expeditiously advance, the Litigation;
  - (d) work with Teck to obtain payment of undisputed and approved invoices and holdback amounts;
  - (e) work with Teck on the assignment of subcontractor agreements to reduce obligations to subcontractors;
  - (f) exercise buyout options on, and prepare to sell, certain items of leased and other equipment in order to access equity value; and
  - (g) with the assistance of the Proposal Trustee, formulate, in due course, a proposal that will enable Tradesmen to continue as a going concern, so it can pursue these objectives following the implementation of the proposal, with a view to maximizing stakeholder recoveries.
41. The Company's intention is to manage its business and financial affairs during these NOI proceedings with the streamlined group of key staff described above, along with its professional advisors, subject to consultation and cooperation with, and input from, BMO.
42. Tradesmen expects to be subject to these NOI proceedings while it stabilizes its business and works with its professional advisors and key stakeholders to determine the most appropriate and effective manner of proceeding with, and funding, the Litigation, whether in these NOI proceedings, as part of a proposal, or otherwise.

### **C. Interim Financing**

43. Tradesmen's cash flow projections show that it urgently requires additional funds to carry on business during the Stay Period. Tradesmen estimates it will require additional funding of approximately \$1.9 million to the end of the Stay Period.
44. In that regard, Tradesmen has engaged with the Proposal Trustee and BMO to finalize the Interim Financing Facility, the terms and conditions of which are set forth in an interim

financing facility term sheet (the “**Term Sheet**”), a final version of which is attached hereto and marked as **Exhibit “C”**. Pursuant to the Term Sheet, BMO will provide Tradesmen with a senior secured super priority, interim, revolving credit facility, in accordance with Tradesmen’s cash flow requirements during the Stay Period. The facility is to be secured by the Interim Financing Charge on all of Tradesmen’s Property, including the Litigation and its proceeds.

45. The Interim Financing Facility will provide Tradesmen with the liquidity it requires to continue to operate during the Stay Period and advance the priority work described in the previous section of this Affidavit.
46. The Interim Financing Facility is necessary to prevent the immediate cessation of Tradesmen’s ordinary course business and a bankruptcy. The Interim Financing Facility is on commercially reasonable terms, and constitutes the only feasible alternative for Tradesmen in the circumstances. Given Tradesmen’s capital structure and financial circumstances, the Interim Financing Charge is the only means of ensuring that Tradesmen has access to the financing it requires to preserve value for stakeholders while it develops a viable proposal. Absent such a charge, I do not believe that any commercially reasonable financing would be available to Tradesmen.
47. I believe the Interim Financing Facility will enhance the prospects of a viable proposal being made in respect of Tradesmen. I understand that the Proposal Trustee is supportive of the Interim Financing Facility.

**D. The Administration Charge**

48. The participation of the Proposal Trustee, the Proposal Trustee’s counsel, and Tradesmen’s counsel are essential to Tradesmen’s successfully restructuring. Each has and will continue to perform distinct roles in the NOI proceedings. Accordingly, Tradesmen seeks an order approving the Administration Charge to fund and secure the fees of the Proposal Trustee and its counsel, as well as Tradesmen’s counsel.
49. The proposed Administration Charge is to rank in priority to all other encumbrances including the Interim Financing Charge. I understand that BMO and the Fulcrum Entities

consent to the Administration Charge, and that the Proposal Trustee supports Tradesmen’s request for this relief.

**IV. CONCLUSION**

50. I make this Affidavit in support of Tradesmen’s application for the relief set out in paragraph 2 for no other or improper purpose.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 1<sup>st</sup> day of )  
February, 2021. )



\_\_\_\_\_)  
(A Commissioner for Oaths in and for the Province of )  
Alberta) )

**Alexis Teasdale**  
Barrister and Solicitor



\_\_\_\_\_)  
**DEAN KATO**

THIS IS **EXHIBIT "A"** REFERRED TO IN  
THE AFFIDAVIT OF DEAN KATO  
SWORN BEFORE ME THIS 1<sup>st</sup> DAY  
OF FEBRUARY, 2021



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A Commissioner for Oaths  
In and for the Province of Alberta

Alexis Teasdale  
Barrister and Solicitor



Builders Lien Act  
**Claim of Lien**  
 Province of British Columbia

KAMLOOPS LAND TITLE OFFICE  
 JAN 22 2021 10:13:40.001  
**CA8723014**

## Application

**Lawson Lundell LLP, Barristers and Solicitors**  
**1600 - 925 West Georgia Street**  
**Vancouver BC V6C 3L2**  
**604-685-3456**

Attention: Michael B. Morgan / jk  
 File #29768-154041

I, **Dean Kato, President and CEO of #730, 440 - 2nd Avenue S.W., Calgary BC T2P 5E9, agent of the lien claimant** state that:

1. **Tradesmen Enterprises Limited Partnership**

of **#730, 440 - 2nd Avenue S.W., Calgary BC T2P 5E9** claims a lien against the following land:

PID/Plan Number	Legal Description
<b>016-438-329</b>	<b>THAT PART OF DISTRICT LOT 6688 KOOTENAY DISTRICT INCLUDED IN RW PLAN 8566, AS TO THE REGISTERED INTEREST OF COLUMBIA NATURAL GAS LIMITED PURSUANT TO STATUTORY RIGHT OF WAY #P469</b>

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

**Supply and delivery of labour, supervision, tools, equipment, installed and consumable materials, services, quality control, testing devices, warehousing, and each and every item of expense necessary to construct the Structural, Mechanical, and Piping scope, OSBL Civil and Concrete scope and Electrical and Instrumentation for the Fording River Operations (FRO) Active Water Treatment Facility - South (AWTF-S) Project, including testing and quality control.**

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

**Teck Coal Limited**

4. The sum of **\$48,555,556.92** is or will become due and owing to **Tradesmen Enterprises Limited Partnership** on **2021-01-11**

5. The lien claimant's address for service is:

**c/o Lawson Lundell LLP, 1600 - 925 West Georgia Street, Vancouver BC V6C 3L2**

Signature

X

Date (YYYY-MM-DD)

**2021-01-21**

**Note:** Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

**Electronic Signature**

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41 (4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

**Michael Bruce**  
**Morgan 23V6FS**

Digitally signed by  
 Michael Bruce Morgan  
 23V6FS  
 Date: 2021-01-22  
 09:25:00 -08:00



Builders Lien Act  
**Claim of Lien**  
 Province of British Columbia

KAMLOOPS LAND TITLE OFFICE  
 JAN 22 2021 11:45:15.001  
**CA8723638**

Application

**Lawson Lundell LLP, Barristers and Solicitors**  
**1600 - 925 West Georgia Street**  
**Vancouver BC V6C 3L2**  
**604-685-3456**

Attention: Michael B. Morgan / jk  
 File #29768-154041

**I, Dean Kato, President and CEO of #730, 440 - 2nd Avenue S.W., Calgary AB T2P 5E9, agent of the lien claimant state that:**

**1. Tradesmen Enterprises Limited Partnership**

of **#730, 440 - 2nd Avenue S.W., Calgary AB T2P 5E9** claims a lien against the following land:

PID/Plan Number	Legal Description
<b>016-438-329</b>	<b>THAT PART OF DISTRICT LOT 6688 KOOTENAY DISTRICT INCLUDED IN RW PLAN 8566</b>
<b>016-382-056</b>	<b>THAT PART OF DISTRICT LOT 3373 KOOTENAY DISTRICT, INCLUDED IN PLAN RW 563</b>

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

**Supply and delivery of labour, supervision, tools, equipment, installed and consumable materials, services, quality control, testing devices, warehousing, and each and every item of expense necessary to construct the Structural, Mechanical, and Piping scope, OSBL Civil and Concrete scope and Electrical and Instrumentation for the Fording River Operations (FRO) Active Water Treatment Facility - South (AWTF-S) Project, including testing and quality control.**

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:

**Teck Coal Limited**

4. The sum of **\$48,555,556.92** is or will become due and owing to **Tradesmen Enterprises Limited Partnership** on **2021-01-11**

5. The lien claimant's address for service is:

**c/o Lawson Lundell LLP, 1600 - 925 West Georgia Street, Vancouver BC V6C 3L2**

Signature

X

Date (YYYY-MM-DD)

**2021-01-22**

**Note:** Section 45 of the *Builders Lien Act* provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

**Electronic Signature**

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

**Michael Bruce**  
**Morgan 23V6FS**

Digitally signed by  
 Michael Bruce Morgan  
 23V6FS  
 Date: 2021-01-22  
 11:34:55 -08:00



THIS IS **EXHIBIT "B"** REFERRED TO IN  
THE AFFIDAVIT OF DEAN KATO  
SWORN BEFORE ME THIS 1<sup>st</sup> DAY  
OF FEBRUARY, 2021



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A Commissioner for Oaths  
In and for the Province of Alberta

Alexis Teasdale  
Barrister and Solicitor

## **FOURTH AMENDED AND RESTATED LOAN AGREEMENT**

THIS AGREEMENT is dated as of July 6, 2020 between Tradesmen Enterprises Limited Partnership, as borrower, and Bank of Montreal, as lender, as the same may be amended from time to time.

In consideration of the covenants and agreements between the Transaction Parties and the Lender contained in this Agreement and the other Loan Documents and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender has agreed to provide to the Borrower the Credit Facilities on the following terms and conditions:

**BORROWER:** Tradesmen Enterprises Limited Partnership (the “**Borrower**”).

**GUARANTORS:** Fulcrum 2010 Private Equity Fund (Fund IV) consisting of PEF 2010 (A) Limited Partnership, PEF 2010 (B) Limited Partnership and PEF 2010 (C) Limited Partnership, by their respective general partner, Fulcrum Capital Partners Inc. (collectively, “**Fulcrum**”), Tradesmen Enterprises Inc. (“**TEI**”), and all direct and indirect subsidiaries of the Borrower from time to time who execute and deliver a guarantee to the Lender of the Borrower’s Obligations to the Lender (collectively, the “**Guarantors**”).

(collectively, the Borrower and the Guarantors (other than Fulcrum) are referred to as the “**Credit Parties**” and individually as a “**Credit Party**” and the Credit Parties and Fulcrum are collectively referred to as the “**Transaction Parties**” and individually as a “**Transaction Party**”).

**LENDER:** Bank of Montreal (the “**Lender**”).

**FINANCIAL CLOSE:** July 6, 2020 or such other later date approved by the Lender in writing (the “**Financial Close**”).

**CREDIT FACILITIES:** Facility 1, Facility 2, Facility 3 and Facility 4 each as described below (collectively, the “**Credit Facilities**”).

**AMOUNTS:** All dollar amounts referenced herein are in Canadian Dollars unless otherwise noted.

**DEFINITIONS:** Capitalized terms used herein which are otherwise not defined in the body of this Agreement are defined in Schedule “A” attached hereto.

### **AMENDMENT AND RESTATEMENT:**

Effective as of the date hereof and upon acceptance by the Borrower, (i) the Previous Loan Agreement is hereby amended and restated as set forth herein without in any way affecting the rights or obligations of any party which may have accrued as of the date hereof pursuant to the provisions of such agreement prior to its amendment hereby including, without limitation, the existence and continued responsibility of the Obligations owing by any of the Transaction Parties to the Lender pursuant to the Previous Loan Agreement and the Security previously executed and delivered by the Transaction Parties prior to the date hereof, (ii) the Security previously executed and delivered by the Transaction Parties prior to the date hereof continues to remain in full force and effect as legal and binding obligations of the Borrower and the other Transaction Parties in accordance with their respective terms and such Security is hereby ratified and confirmed in all respects by the Transaction Parties, (iii) all deliverables made under the Previous Loan Agreement are deemed to have been

delivered under this Agreement, and (iv) the Previous Loan Agreement is, as so amended and restated, ratified and confirmed by each of the Transaction Parties and the Lender.

**FACILITY 1: DEMAND REVOLVING CREDIT FACILITY**

**MAXIMUM AMOUNT:** \$23,000,000

**PURPOSE:** General working capital and corporate requirements of the Borrower.

**AVAILABILITY:** Subject to the Facility 1 Margin Requirement and the satisfaction of the conditions precedent herein, Advances under Facility 1 may occur by way of one or more of the following:

- (a) Prime Advances in Canadian Dollars;
- (b) USBR Advances in U.S. Dollars to a maximum Canadian Dollar Equivalent Amount of \$10,000,000;
- (c) BA Advances in Canadian Dollars in minimum amounts of \$1,000,000 and thereafter in minimum multiples of \$100,000 for terms between 28 and 182 days, subject to market availability;
- (d) LIBOR Advances in U.S. Dollars in minimum amounts of US\$1,000,000 and thereafter in minimum multiples of US\$100,000 for terms of either 1, 2 or 3 months, subject to market availability, to a maximum Canadian Dollar Equivalent Amount of \$10,000,000; and
- (e) Letter of Credit Advances in the form of Letters of Credit, each for a term of up to 365 days (with renewals at the sole option of the Lender) available in Canadian Dollars or U.S. Dollars, for purposes other than guaranteeing obligations of third parties (excluding, for greater certainty, TEI) up to an aggregate Canadian Dollar Equivalent Amount of \$1,000,000 issued at any time.

**FACILITY 1**

**MARGIN**

**REQUIREMENT:**

Notwithstanding any other provision contained herein, at no time shall the Outstanding Principal under Facility 1 exceed the lesser of \$23,000,000 and the following margin requirement (the "**Facility 1 Margin Requirement**"):

- (a) 75% of Acceptable Receivables; plus
- (b) 90% of Acceptable Investment Grade Receivables; minus
- (c) Priority Claims.

The Facility 1 Margin Requirement shall be determined on a monthly basis in accordance with subsection (a) of the "Reporting Requirements" below. Such information shall be presented by the Borrower in form and substance satisfactory to the Lender. Each new Facility 1 Margin Requirement shall be established as of the date of receipt of such information from the Lender provided that the Lender has confirmed to the Borrower that it has accepted such information.

**FACILITY 1**

**MARGIN**

**SHORTFALL:**

Should the Outstanding Principal under Facility 1 ever exceed the Facility 1 Margin Requirement in effect from time to time (a "**Facility 1 Margin Shortfall**"), the Borrower shall cure such shortfall within three (3) Banking Days' notice of being advised of such a Facility 1 Margin Shortfall by the Lender.

**TERMS OF  
AVAILABILITY OF  
BANKER'S  
ACCEPTANCES:**

In addition to the applicable terms above, the availability of any Banker's Acceptances hereunder is subject to the following terms and conditions:

- (a) To facilitate the acceptance of drafts hereunder, the Borrower hereby appoints the Lender, acting by any authorized signatory of the Lender, the attorney of the Borrower (i) to sign for and on behalf and in the name of the Borrower as drawer, and to endorse on its behalf, drafts in the Lender's standard form which constitute "depository bills" for the purpose of the DBNA, (ii) to fill in the amount, date and maturity date of such drafts, (iii) if applicable, to deposit such Banker's Acceptances which have been accepted by the Lender with a "clearing house" (as defined in the DBNA), and (iv) to make the necessary arrangements for the negotiation of Banker's Acceptances, provided that such acts in each case are to be undertaken by the Lender in accordance with instructions given to the Lender by the Borrower as provided in this section. This power of attorney is in addition to and not in substitution for any agreement to which the Lender and the Borrower are parties.
- (b) This power of attorney may be revoked by the Borrower at any time upon not less than five (5) Banking Days' written notice served upon the Lender provided that (i) it may be replaced with another power of attorney forthwith in accordance with the requirements of the Lender; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any draft executed, completed, discounted and/or deposited in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Lender at any time upon not less than five (5) Banking Days' written notice to the Borrower. Any revocation or termination of this power of attorney shall not affect the rights of the Lender and the obligations of the Borrower with respect to the indemnities of the Borrower stated herein.
- (c) Banker's Acceptances may be purchased by the Lender for a discounted amount based on the Lender's discount rate quoted on the date of purchase.
- (d) Instructions to the Lender relating to the execution, completion, discount and/or deposit by the Lender on behalf of the Borrower of drafts which the Borrower wishes to submit to the Lender for acceptance by the Lender shall be communicated by the Borrower in writing with the delivery by the Borrower of a Borrowing Notice and shall specify the following information: (i) reference to the power of attorney contained in this Agreement; (ii) a Canadian Dollar amount which shall be the aggregate face amount of the draft(s) to be accepted by the Lender in respect of a particular BA Advance; (iii) a specified period of time which shall be the number of days after the date of acceptance of such drafts that such drafts are to be payable, and the dates of issue and maturity of such drafts; and (iv) payment instructions specifying the account number of the Borrower to which the discounted proceeds are to be credited.
- (e) The communication in writing by the Borrower to the Lender of the instructions referred to above shall constitute the authorization and instruction of the Borrower to the Lender to complete and execute drafts in accordance with such information as set out above and the request of

the Borrower to the Lender to accept such drafts and, if applicable, to deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that the Lender shall not be obligated to accept any such draft except in accordance with the provisions of this Agreement. The Lender shall be and is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Lender as provided herein if the Lender reasonably believes them to be genuine.

- (f) The Lender shall only be liable to the Borrower for any unauthorized or unlawful use of executed but incomplete Banker's Acceptances as a result of the gross negligence or wilful act or omission of the Lender or as a result of the Lender failing to use the same standard of care in the custody of same as it uses in the custody of its own property of a similar nature.
- (g) On acceptance and purchase of a Banker's Acceptance by the Lender, it shall credit the account of the Borrower with the face amount of the Banker's Acceptance less the applicable discount and less the amount of the Lender's standard fees due to the Lender in respect of such acceptance.
- (h) The Borrower shall provide for payment for each Banker's Acceptance at its maturity date, either by payment of the face amount or through utilization of another acceptable Advance under the applicable Credit Facility, as the case may be.
- (i) If the early termination of any Banker's Acceptance is required hereunder, the Borrower shall promptly pay to the Lender, for deposit into a Cash Collateral Account, an amount equal to the Lender's maximum aggregate potential liability under such Banker's Acceptance including all expenses and out-of-pocket costs incurred due to early redemption of offsetting deposits. Such funds shall be held by the Lender for set-off against all future indebtedness owing by the Borrower to the Lender in respect of such Banker's Acceptance. A written statement of the Lender as to the aggregate amount of such expenses and out of pocket costs shall be *prima facie* evidence of the amount thereof, absent manifest error.
- (j) The Lender is authorized to hold, sell, rediscount or otherwise dispose of all Banker's Acceptances accepted by it.
- (k) If the Borrower fails to deliver a notice of Rollover or Conversion with respect to a maturing Banker's Acceptance, then it shall be automatically converted to a Prime Advance equal to the face amount of the maturing Banker's Acceptance, as applicable.
- (l) Conversions and Rollovers shall only be made on the maturity date of the Banker's Acceptance, as applicable.
- (m) The Borrower indemnifies and holds the Lender harmless from any loss or expense with respect to any Banker's Acceptance dealt with by the Lender in accordance with the provisions hereof, but shall not be obliged to indemnify the Lender for any loss or expense caused by the Lender's gross negligence or wilful misconduct.
- (n) If the Lender determines at any time that:
  - (i) a market for Banker's Acceptances accepted by the Lender does not exist or the Lender cannot readily sell Banker's Acceptances or perform its other obligations under this Agreement with respect to Banker's Acceptances; or
  - (ii) the CDOR Rate does not adequately reflect the Lender's cost of funds or the discount rate which would be applicable to the sale of Banker's Acceptances accepted by the Lender in the market;

the Lender shall promptly notify the Borrower of such determination. From and after the delivery of such notice by the Lender, the Lender shall not be obliged to accept and the Borrower shall not be entitled to issue Banker's Acceptances hereunder until such time as the Lender determines in good faith that the circumstances giving rise to such situation no longer exist and gives notice thereof to the Borrower, and any further Borrowing Notice (including a Conversion or a Rollover) requesting a BA Advance shall be deemed to be a Borrowing Notice requesting a Prime Advance in the same aggregate principal amount. The Borrower shall, within one (1) Banking Day after receipt of such notice and in replacement of a Borrowing Notice previously given by the Borrower to the Lender which has not yet been Advanced, give the Lender another Borrowing Notice which specifies a Prime Advance or the Conversion of the relevant Banker's Acceptance on the last day of the applicable maturity period of such Banker's Acceptance into a Prime Advance. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to a maturing Banker's Acceptance which was the subject of a Rollover or Conversion, such maturing Banker's Acceptance shall be converted on the last day of the applicable maturity period of such Banker's Acceptance into a Prime Advance as if the Borrowing Notice specifying such a Conversion had been given to the Lender by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to any requested BA Advance, then the Borrower shall be deemed to have requested a Prime Advance in the amount specified in the original Borrowing Notice.

- (o) If at any time the Lender determines (which determination shall be conclusive absent manifest error) that:
- (i) adequate and fair means do not exist for ascertaining the CDOR Rate (including because the "CDOR Page" (or any substitute therefor) of Refinitiv Benchmark Services (UK) Limited (or any successor thereto or Affiliate thereof) is not available or is not published on a current basis for the applicable period), and such circumstances are unlikely to be temporary;
  - (ii) the administrator of the CDOR Rate, or an Administrative Body having jurisdiction, has made a public statement announcing a specific date after which the CDOR Rate will permanently or indefinitely cease to be made available (*provided that*, at the time of such statement or publication, there is no successor administrator that shall continue to provide the CDOR Rate);
  - (iii) an Administrative Body having jurisdiction over the Lender has made a public statement identifying a specific date after which the CDOR Rate shall no longer be permitted to be used to determine the interest rate applicable to loans (the specific date referred to in subsection (ii) immediately above and this subsection (iii) being referred to herein as a "**CDOR Discontinuation Date**"); or
  - (iv) newly originated credit agreements being entered into in Canada adopt, or existing agreements that incorporate language similar to this subsection are being amended to adopt, a benchmark or reference rate of interest that replaces the CDOR Rate;

then, reasonably promptly after such determination, the Lender and the Borrower shall negotiate in good faith to select a replacement or successor rate to the CDOR Rate (such rate, a "**CDOR Successor Rate**") and make adjustments to the Applicable Margin and other related or conforming

amendments to this Agreement giving due consideration to then-prevailing market practice in Canada for: (i) determining a rate of interest applicable to newly originated Canadian Dollar loans, and (ii) transitioning existing loans with CDOR Rate-based interest rates to loans bearing interest calculated with reference to a replacement benchmark. Upon an agreement being reached between the Lender and the Borrower pursuant to this subsection, the parties shall enter into an amendment to this Agreement that gives effect to the adoption of the CDOR Successor Rate, adjustments to the Applicable Margin and such other related amendments as may be appropriate in the discretion of the Lender for the implementation and administration of Advances bearing interest calculated with reference to the CDOR Successor Rate. Until an amendment reflecting the transition to a CDOR Successor Rate becomes effective as contemplated by this subsection, the pricing of each BA Advance shall continue to be calculated with reference to the CDOR Rate; *provided that* if the Lender determines (which determination shall be conclusive, absent manifest error) that a CDOR Discontinuation Date has occurred, then following the CDOR Discontinuation Date and until such time as an amending agreement adopting a CDOR Successor Rate becomes effective as contemplated by this subsection, the Lender's obligation to make any Advances by way of a BA Advance shall be suspended and any further Borrowing Notice (including a Conversion or a Rollover) requesting a BA Advance shall be deemed to be a Borrowing Notice requesting a Prime Advance in the same aggregate principal. Notwithstanding any other provision of the Agreement, if at any time the CDOR Successor Rate shall be less than zero, it shall be deemed to be zero for the purposes of this Agreement.

**TERMS OF  
AVAILABILITY OF  
LIBOR ADVANCES:**

In addition to the applicable terms above, the availability of any LIBOR Advances hereunder is subject to the following terms and conditions:

- (a) Any amount owing by the Borrower in respect of any LIBOR Advance which is not paid on its maturity date in accordance with this Agreement shall, as and from its maturity date, be deemed to be outstanding as a USBR Advance.
- (b) If the early termination of any LIBOR Advance is required hereunder, the Borrower shall promptly pay to the Lender, for deposit into a Cash Collateral Account, an amount equal to the Lender's maximum aggregate potential liability under such LIBOR Advance including all expenses and out-of-pocket costs incurred due to early redemption of offsetting deposits. Such funds shall be held by the Lender for set-off against all future indebtedness owing by the Borrower to the Lender in respect of such LIBOR Advance. If, in the sole discretion of the Lender, acting reasonably, any such early termination cannot be effected, the LIBOR Advance shall not be terminated and the Borrower shall continue to pay interest to the Lender, at the rate per annum applicable to such LIBOR Advance for the remainder of the applicable LIBOR Interest Period. A written statement of the Lender as to the aggregate amount of such expenses and out of pocket costs shall be *prima facie* evidence of the amount thereof, absent manifest error.
- (c) If the Lender determines at any time that:

- (i) by reason of circumstances affecting the London interbank market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested LIBOR Advance during a LIBOR Interest Period selected by the Borrower;
- (ii) the making or continuance of an Advance as a LIBOR Advance has been made impracticable by the occurrence of an event which materially adversely affects the London interbank market generally; or
- (iii) the LIBO Rate does not adequately reflect the cost of funds to the Lender of U.S. Dollar deposits in the London interbank market for a LIBOR Interest Period selected by the Borrower;

the Lender shall promptly notify the Borrower of such determination. From and after the delivery of such notice by the Lender, the Lender shall not be obliged to provide LIBOR Advances hereunder until such time as the Lender determines in good faith that the circumstances giving rise to such situation no longer exist and gives notice thereof to the Borrower, and any further Borrowing Notice (including a Conversion or a Rollover) requesting a LIBOR Advance shall be deemed to be a Borrowing Notice requesting a USBR Advance in the same aggregate principal amount. The Borrower shall, within one (1) Banking Day after receipt of such notice and in replacement of a Borrowing Notice previously given by the Borrower to the Lender which has not yet been Advanced, give the Lender another Borrowing Notice which specifies a USBR Advance or the Conversion of the relevant LIBOR Advance on the last day of the applicable LIBOR Interest Period into a USBR Advance. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to a maturing LIBOR Advance which was the subject of a Rollover or Conversion, such maturing LIBOR Advance shall be converted on the last day of the applicable LIBOR Interest Period into a USBR Advance as if the Borrowing Notice specifying such a Conversion had been given to the Lender by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to an Advance originally requested by way of a LIBOR Advance, then the Borrower shall be deemed to have requested a USBR Advance in the amount specified in the original Borrowing Notice.

- (d) If at any time the Lender determines (which determination shall be conclusive absent manifest error) that:
  - (i) the circumstances described in subsection (c) immediately above have arisen and such circumstances are unlikely to be temporary;
  - (ii) the circumstances described in subsection (c) immediately above have not arisen, but either (x) the applicable supervisor or administrator of the LIBO Rate has made a public statement announcing a specific date that such administrator ceased, or shall cease, to provide the LIBO Rate permanently or indefinitely (provided that, at the time of such statement or publication, there is no successor administrator that shall continue to provide the LIBO Rate), or (y) an Administrative Body having jurisdiction over the Lender, has made a public statement identifying a specific date after which the LIBO Rate shall no longer be used for



- determining the interest rate applicable to loans (either such date, a “**LIBOR Discontinuation Date**”); or
- (iii) a rate other than the LIBO Rate has become a widely recognized benchmark rate for newly originated loans denominated in U.S. Dollars in the Canadian market,

the Lender may amend this Agreement to replace the LIBO Rate with a replacement reference rate of interest, to make adjustments to the Applicable Margin pertaining to the replacement reference rate and to make related technical, administrative or operational amendments to this Agreement that the Lender determines are appropriate as a result of the adoption and implementation of such replacement reference rate to permit the administration thereof by the Lender in a manner substantially consistent with market practice. In making any such amendments, the Lender shall give due consideration to then-prevailing market practice in Canada for: (i) determining a rate of interest applicable to newly originated U.S. Dollar loans made in Canada at such time, and (ii) transitioning existing loans from LIBO Rate-based interest rates to loans bearing interest calculated with reference to the new reference rate. Any such amendment shall become effective at 5:00 p.m. on the fifth (5th) Banking Day after the Lender has provided such proposed amendment to the Borrower without any further action or consent of the Borrower. Until an amendment reflecting the transition to a new reference rate becomes effective as contemplated by this subsection, each Advance, Conversion or Rollover of a LIBOR Advance shall continue to bear interest calculated with reference to the LIBO Rate; *provided that* if the Lender determines (which determination shall be conclusive, absent manifest error) that a LIBOR Discontinuation Date has occurred, then following the LIBOR Discontinuation Date and until such time as an amending agreement adopting a new reference rate of interest becomes effective as contemplated by this subsection, any Borrowing Notice (including any Conversion or Rollover) requesting a LIBOR Advance shall be deemed to be a Borrowing Notice requesting a USBR Advance in the same aggregate principal amount. Notwithstanding any other provision of the Agreement, if at any time the alternate reference rate selected by the Lender to replace the LIBO Rate shall be less than zero, it shall be deemed to be zero for the purposes of this Agreement.

**TERMS OF  
AVAILABILITY OF  
LETTERS OF  
CREDIT:**

In addition to the applicable terms above, the availability of any Letters of Credit hereunder is subject to the following terms and conditions:

- (a) Each issuance of a Letter of Credit shall require the execution by the Borrower of the Lender’s standard form letter of credit application and indemnity and such other documents in relation to such letters of credit as required by the Lender.
- (b) The Lender shall not have any obligation to issue a Letter of Credit until:
- (i) it has been paid its applicable fee(s), and
  - (ii) such ancillary documents, including applications and indemnities, as it normally requires for similar transactions have been executed and delivered to it.

- (c) All payments made by the Lender to any person pursuant to the Letter of Credit shall, unless the Borrower reimburses the Lender for such payment on or before the date it is made, be deemed as and from the date of such payment to be a Prime Advance with the proceeds of such Prime Advance being applied against the Borrower's Obligations to reimburse the Lender for payment made under the applicable Letter of Credit.
- (d) If the early termination of any Letter of Credit is required hereunder, the Borrower shall promptly pay to the Lender, for deposit into a Cash Collateral Account, an amount equal to the Lender's maximum aggregate potential liability under each such Letter of Credit including all expenses and out-of-pocket costs incurred in connection with such early termination. A written statement of the Lender as to the aggregate amount of such expenses and out of pocket costs shall be *prima facie* evidence of the amount thereof, absent manifest error.
- (e) In addition to amounts payable as elsewhere provided in this Agreement, the Borrower hereby agrees to protect, indemnify, pay and save the Lender harmless from and against any and all claims or losses (including all reasonable legal fees and expenses on a solicitor and his own client basis) which the Lender may incur or be subject to as a consequence, direct or indirect, of (i) the application for, or issuance of, or drawing under any Letter of Credit; or (ii) the failure of the Lender to honour a drawing under any Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future *de jure* or *de facto* Administrative Body prohibiting the payment of such drawing.

**SCHEDULED  
REPAYMENTS:**

For Prime Advances and USBR Advances, interest only on a monthly basis on the last day of each month shall be repaid commencing on the last day of the month in which the initial Advance under Facility 1 is made. The Outstanding Principal of any Prime Advances and USBR Advances may be repaid at any time prior to demand by the Lender without notice, premium, bonus or penalty. The Outstanding Principal of any BA Advances and LIBOR Advances cannot be repaid prior to their maturity dates unless otherwise demanded by the Lender. Letters of Credit shall be immediately repayable at the request of the Lender. Any Advances repaid in accordance with this section may be re-borrowed in accordance with the terms and conditions of this Agreement. All Obligations under Facility 1 shall be repaid in full upon demand by the Lender.

**VOLUNTARY  
REPAYMENTS/  
CANCELLATION:**

The Borrower may repay any Outstanding Principal or cancel undrawn portions of Facility 1 without bonus or penalty upon three (3) Banking Days prior written notice to the Lender of a Repayment/Cancellation Notice, in minimum amounts of \$500,000 and thereafter, in multiples of \$500,000. BA Advances and LIBOR Advances may not be repaid until their date of maturity. Amounts cancelled may not be reinstated or re-borrowed.

**MANDATORY  
REPAYMENTS:**

Not applicable.

**NOTICE PERIODS:** Advances, Rollovers and Conversions shall be made by way of the delivery of a Borrowing Notice from the Borrower to the Lender and are subject to the following notice periods:

- (a) Prime Advances and USBR Advances – 1 Banking Day
- (b) BA Advances and LIBOR Advances – 2 Banking Days
- (c) Letter of Credit Advances – 3 Banking Days

**CONDITIONS  
PRECEDENT FOR  
ALL ADVANCES  
UNDER FACILITY 1:**

In addition to any other conditions precedent set forth herein that are applicable to any Credit Facility, it shall also be a condition precedent to each Advance, Rollover or Conversion under Facility 1 that the following conditions precedent are met to the satisfaction of the Lender, in its sole discretion (unless otherwise waived by the Lender in its sole discretion):

- (a) The Lender receives the required notice under this Agreement;
- (b) There exists no Default that is continuing;
- (c) There is no matter or circumstance affecting any of the Transaction Parties which could otherwise have a Material Adverse Effect; and
- (d) All representations and warranties under this Agreement are true and correct in all material respects when made and additionally on the date of such Advance, Rollover or Conversion, as the case may be.

**ADDITIONAL TERMS APPLICABLE TO FACILITY 1**

**PRICING:**

Prime Advances in Canadian Dollars shall bear interest based on the Lender's Prime Rate plus the Applicable Margin set forth below. USBR Advances in U.S. Dollars shall bear interest based on the Lender's U.S. Base Rate plus the Applicable Margin set forth below. Interest on Prime Advances and USBR Advances shall be calculated on a daily basis based on the actual number of days elapsed divided by 365 and shall be paid monthly in arrears on the last day in each month.

BA Advances shall bear interest based on the CDOR Rate applicable for the BA Interest Period plus the Applicable Margin set forth below for such BA Interest Period. For each BA Advance, the Borrower shall pay to the Lender interest on an accrual basis, calculated but not compounded daily and payable at the end of each applicable BA Interest Period. Interest on BA Advances shall be calculated on the principal amount of the BA Advance outstanding during such period and on the basis of the actual number of days elapsed divided by 365 or 366, as applicable.

LIBOR Advances shall bear interest based on the LIBO Rate applicable for the LIBOR Interest Period plus the Applicable Margin set forth below for such LIBOR Interest Period. For each LIBOR Advance, the Borrower shall pay to the Lender interest on an accrual basis, calculated but not compounded daily and payable at the end of each applicable LIBOR Interest Period. Interest on LIBOR Advances shall be calculated on the basis of the actual number of days in each LIBOR Interest Period divided by 360. For the purposes of the *Interest Act* (Canada) and any other Applicable Laws, the annual rates of interest applicable to LIBOR Advances are the rates as determined hereunder multiplied by the actual number

of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by 360.

For each Letter of Credit Advance, the Borrower shall pay the Lender a fee in respect of each Letter of Credit issued, payable in advance on the date of issue at the rate of the Applicable Margin set forth below based on the principal amount of the Letter of Credit issued and the number of days that the Letter of Credit is to be outstanding, subject to a minimum fee of \$120 per ninety (90) day period. Subsequent amendments to outstanding Letters of Credit shall be subject to the Lender's standard charges.

For the purposes of this Agreement, "**Applicable Margin**" means a margin, expressed as a rate per annum, payable to the Lender with respect to Advances, each as set forth in the table below for the applicable Level:

<b>Type of Advance</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Level IV</b>	<b>Level V</b>
Prime / USBR	1.00%	1.50%	2.00%	2.75%	3.75%
Banker's Acceptance	2.50%	3.00%	3.50%	4.00%	5.00%
LIBOR	2.50%	3.00%	3.50%	4.00%	5.00%
Letter of Credit	2.50%	3.00%	3.50%	4.00%	5.00%

For the purposes of this definition, "**Level I**", "**Level II**", "**Level III**", "**Level IV**" and "**Level V**" means, respectively, the appropriate period during which the corresponding Funded Debt to EBITDA Ratio is as set forth in the table below and "**Level**" means any such appropriate time period.

<b><u>Funded Debt to EBITDA Ratio</u></b>	<b><u>Period</u></b>
(a) Less than 1.00:1.00	Level I
(b) Greater than or equal to 1.00:1.00 and less than 2.00:1.00	Level II
(c) Greater than or equal to 2.00:1.00 and less than 2.50:1.00	Level III
(d) Greater than or equal to 2.50:1.00 and less than 3.00:1.00	Level IV
(e) Greater than or equal to 3.00:1.00	Level V

For the purposes of this Agreement, the Funded Debt to EBITDA Ratio shall be calculated by the Borrower and reported to the Lender in the Compliance Certificate provided by the Borrower from time to time in accordance with the "Reporting Requirements" section below and the definition of "**Funded Debt to EBITDA Ratio**", as applicable. The Lender shall be entitled to rely on such calculation, and the Applicable Margin so determined shall be applied, absent manifest error, from and after the first Banking Day after the Compliance Certificate has been received by the Lender. In the event that the Borrower fails to deliver a Compliance Certificate for any Fiscal Quarter in accordance with the "Reporting Requirements" section below, Level V shall be deemed to be applicable until such Compliance Certificate is delivered to the Lender confirming that a different Level is applicable, absent manifest error.

**OVERDUE AMOUNTS:**

The Borrower shall pay interest on all overdue amounts outstanding at a rate per annum equal to the Prime Rate plus 3.00% per annum in respect of amounts owing in Canadian Dollars, and at a rate per annum equal to the U.S. Base Rate plus 3.00% per annum in respect of amounts owing in U.S. Dollars, such interest to be calculated daily and payable monthly in arrears on the last day of each month subject to the earlier occurrence of any demand made by the Lender hereunder.

All interest payable under this Agreement shall be payable both before and after default, demand, maturity or judgment.

**DEFAULT RATE:** Effective upon the occurrence of any Default (the “**Default Date**”), at the option of the Lender, the interest rates and fees then applicable to the Advances and fees set forth above shall each increase by 200 bps (the “**Default Rate**”) and such increase shall remain in effect for as long as such Default subsists. An increase in interest rates and fees as aforesaid arising from a Default shall apply to all Outstanding Principal under the applicable Credit Facilities and shall on the Default Date apply proportionately to each outstanding Advance representing the Outstanding Principal on the basis of the number of days remaining in the term to maturity of such Advance. The Borrower shall pay to the Lender any resulting increase pursuant to the Default Rate in LIBOR Advances, BA Advances and Letter of Credit Advances on or prior to the third (3<sup>rd</sup>) Banking Day following the Default Date.

**INTEREST RATES:** For the purposes of the *Interest Act* (Canada), the annual rates of interest to which the interest rates and fees referred to in this Agreement, calculated in accordance with the foregoing provisions of this Agreement, are equivalent are the rates so calculated multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by 365 (unless otherwise noted). All interest hereunder shall be calculated using the nominal rate method and not the effective rate method and the deemed reinvestment principle shall not apply to any such calculations.

The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the respective Credit Facility based on the methodology for calculating per annum rates provided for in this Agreement. The Lender agrees that if requested in writing by the Borrower, it shall calculate the nominal and effective per annum rate of interest on any Advance or Credit Facility outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Agreement or any other Loan Document, nor result in any liability to the Lender. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Loan Documents, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law or legal principle.

## **FACILITY 2: CORPORATE MASTERCARD CREDIT FACILITY**

**MAXIMUM AMOUNT:** Up to \$200,000

**PURPOSE:** For general corporate requirements of the Borrower.

**AVAILABILITY:** Subject to the execution and delivery by the Borrower of the Lender’s standard MasterCard documents and agreements. Associated card holders and credit limits are to be determined between the Lender and the Borrower.

**MATURITY:** This Facility shall mature in accordance with the Lender’s standard MasterCard documents and agreements.

**SCHEDULED  
PAYMENTS:**

All payments shall be made in accordance with the Lender's standard MasterCard documents and agreements.

**FEES AND  
INTEREST:**

In accordance with the Lender's standard MasterCard documents and agreements.

**FACILITY 3: TREASURY RISK MANAGEMENT FACILITY**

**MAXIMUM AMOUNT:** Up to \$500,000 deemed risk as calculated by the Lender.

**PURPOSE:** To facilitate the hedging of interest rate risk and foreign exchange risk for the Borrower.

**AVAILABILITY:** Subject to availability, this Facility may be used for Interest rate swaps for maximum terms of up to three (3) years and foreign exchange swaps for maximum terms of up to one (1) year, each with the Lender as the counterparty under the Lender's standard form ISDA Master Agreement.

**MATURITY:** This Facility shall mature in accordance with the applicable ISDA Master Agreement between the Borrower and the Lender.

**SCHEDULED  
PAYMENTS:**

All payments shall be made in accordance with the applicable ISDA Master Agreement between the Borrower and the Lender.

**FEES:** Market rates as determined by the Lender's Treasury Department and/or the Lender's Derivatives Group.

**FACILITY 4: DEMAND LETTER OF CREDIT FACILITY**

**MAXIMUM AMOUNT:** \$15,000,000

**GUARANTEE:** This Facility shall be fully guaranteed by EDC pursuant to the terms and conditions of the EDC Account PSG.

**PURPOSE:** To assist in the Borrower in issuing certain performance guarantee Letters of Credit from time to time in connection with its business.

**TERMS OF  
AVAILABILITY:**

The maximum term of any Letter of Credit issued pursuant to this Facility shall be 12 months. The availability of any Letters of Credit under this Facility is subject to the execution and receipt by the Lender of all documentation related to issuing each Letter of Credit pursuant to an approved Request for Cover (as defined in the EDC Account PSG) from EDC and all applicable fees being paid by the Borrower to the Lender.

**SCHEDULED  
REPAYMENTS:**

Letters of Credit under this Facility shall be immediately repayable at the request of the Lender.

**VOLUNTARY  
PREPAYMENTS:**

Any Letter of Credit Advance under this Facility may only be prepaid if such Letter of Credit is returned to the Lender for cancellation.

**MANDATORY  
REPAYMENTS:**

Not applicable.

**MATURITY:**

This Facility shall mature in accordance with the terms and conditions of the EDC Account PSG.

**PRICING & FEES:**

For each Letter of Credit Advance issued pursuant to this Facility, the Borrower shall pay the Lender the fee noted below in respect of each Letter of Credit issued, payable in advance on the date of issue based on the principal amount of the Letter of Credit issued and the number of days that the Letter of Credit is to be outstanding, subject to a minimum fee of \$120 per 90 day period. Subsequent amendments to any outstanding Letters of Credit under this Facility shall be subject to the Lender's standard charges existing at the time.

- 1.00% issuance fee

**CONDITIONS  
PRECEDENT FOR  
ALL ADVANCES  
UNDER FACILITY 4:**

In addition to any other conditions precedent set forth herein that are applicable to any Credit Facility, it shall also be a condition precedent to each Advance under Facility 4 that the following conditions precedent are met to the satisfaction of the Lender, in its sole discretion prior to any issuance of a Letter of Credit thereunder (unless otherwise waived by the Lender in its sole discretion):

- (a) The Lender receives the required notice under this Agreement;
- (b) The Lender receives an approved Request for Cover from EDC (as defined in the EDC Account PSG) at least equal to the maximum aggregate amount of the requested face amount of the Letter of Credit plus the face amount of all other outstanding Letters of Credit issued under this Facility at such time;
- (c) There exists no Default that is continuing;
- (d) There is no matter or circumstance affecting any of the Transaction Parties which could otherwise have a Material Adverse Effect;
- (e) All representations and warranties under this Agreement are true and correct in all material respects when made and additionally on the date of such Advance or Rollover as the case may be; and
- (f) The Lender must review and approve in advance in writing of the applicable customer contract that is applicable to the proposed Letter of Credit.

**TERMS APPLICABLE TO ALL CREDIT FACILITIES**

**CLOSING  
FEES:**

A set-up and arrangement fee of \$10,000 (the "Closing Fee") shall be paid to the Lender by the Borrower upon its execution of this Agreement.

**CONDITIONS  
PRECEDENT  
TO AGREEMENT  
BEING IN EFFECT:**

The following conditions precedent shall be completed prior to or concurrent with the Financial Close to the sole satisfaction of the Lender and its counsel (unless otherwise waived by the Lender in its sole discretion):

- (a) Complete due diligence review of all Transaction Parties including, without limitation, confirmation of all applicable jurisdictions, asset locations, property descriptions and encumbrances of the Transaction Parties.
- (b) Receipt of an executed copy of this Agreement from the Borrower.
- (c) Receipt of an executed copy of the consent and acknowledgement of this Agreement from each of TEI and Fulcrum.
- (d) Receipt of all new Security to be obtained as set forth below.
- (e) Receipt of an updated officer's certificate and resolutions of each of the Borrower and TEI in connection with this Agreement.
- (f) Receipt of an officer's certificate and resolutions of Fulcrum in connection with this Agreement and the Security to which it is a party.
- (g) Receipt of an executed copy of the Fulcrum Certificate dated effective as of the Financial Close.
- (h) Receipt of a legal opinion from each Transaction Party's legal counsel, in form and substance satisfactory to the Lender and its legal counsel.
- (i) Receipt of payment of all applicable fees and expenses of the Lender set forth in this Agreement including the Closing Fee.
- (j) Confirmation of the Transaction Parties' compliance with all applicable representations, warranties and covenants contained in this Agreement.
- (k) Nothing shall have occurred which would have a Material Adverse Effect on the business, operations or properties of the Transaction Parties, on the rights and remedies of the Lender, or on the ability of the Transaction Parties to perform their obligations to the Lender under the Loan Documents to which they are a party.
- (l) No Default shall have occurred and be continuing.
- (m) Such other conditions that the Lender may in accordance with its general commercial lending practice require with respect to this transaction.

**RIGHT OF DEMAND:** Notwithstanding any other terms and conditions of this Agreement or any other Loan Document including, without limitation, any covenants set out herein or therein or in any other agreement or instrument incorporated by reference herein or therein, the Lender may, in its sole discretion and for any reason, at any time demand repayment of any or all Obligations (including the face amount of all Letters of Credit, Banker's Acceptances or LIBOR Advances) under any or all of the Credit Facilities and the Borrower agrees to pay such amounts to the Lender upon such demand being made.

**SECURITY:** As continuing collateral security for the repayment of the Credit Facilities, interest thereon and all other Obligations of the Transaction Parties to the Lender hereunder, the Lender shall be provided with the following documents (the "**Security**") in form and substance satisfactory to the Lender and its solicitors and such Security, as applicable, shall be registered in all such jurisdictions and registries as deemed appropriate by the Lender and its solicitors:

**ON HAND**

- (a) operating loan agreement(s) executed by the Borrower;



- (b) power of attorney and agreement regarding banker's acceptances executed by the Borrower;
- (c) indemnity agreements with respect to Letters of Credit, executed by the Borrower (as required);
- (d) MasterCard indemnity agreement executed by the Borrower (as required);
- (e) general security agreements executed by each of the Borrower and TEI providing the Lender with a first fixed ranking security interest over all their respective present and after-acquired real and personal property (including specific serial numbered goods, as required);
- (f) unlimited guarantee of the Borrower's Obligations to the Lender from TEI;
- (g) insurance binder letter addressed to the Lender identifying all applicable policies of insurance held by the Borrower and TEI and confirming the Lender as a first loss payee;
- (h) landlord consents and agreements with landlords of applicable leased premises of the Borrower and TEI where all books and records of the Borrower and TEI are located (as applicable);
- (i) the EDC Account PSG;

**TO BE OBTAINED**

- (j) a guarantee from Fulcrum limited to the principal sum of \$8,000,000;
- (k) a subordination and standstill agreement between the Lender, Fulcrum and the Credit Parties; and
- (l) an updated insurance binder letter addressed to the Lender identifying all applicable policies of insurance held by the Borrower and TEI and confirming the Lender as a first loss payee (receipt confirmed).

**REPRESENTATIONS  
AND WARRANTIES:**

The Borrower represents and warrants to the Lender that:

- (a) Formation, Organization and Power. Each Credit Party has been duly created, and is validly existing under the law of its jurisdiction of its creation, and is duly registered to carry on business in each jurisdiction in which the nature of any material business carried on by it or the character of any material property owned or leased by it makes such registration necessary, except for jurisdictions where the failure to be so registered would not reasonably be expected to have a Material Adverse Effect, and each Credit Party has full power and capacity to enter into and perform its obligations under the Loan Documents to which it is a party, and to carry on its business as currently conducted.
- (b) Authorization and Status of Agreements. Each Loan Document to which any Credit Party is a party delivered pursuant hereto has been duly authorized, executed and delivered by it and does not conflict with or contravene or constitute a default or create a Lien, other than a Lien which is a Permitted Encumbrance, under:
  - (i) its constating documents, by-laws, any resolution of its directors or partners, or any shareholders' agreement or partnership agreement in respect thereof;
  - (ii) any agreement or document to which it is a party or by which any of its property is bound; or
  - (iii) any Applicable Law,

in each case, where such conflict, contravention, default or creation of Lien would reasonably be expected to have a Material Adverse Effect.

- (c) Enforceability. Each of the Loan Documents constitutes a valid and binding obligation of each Credit Party that is a party thereto, and is enforceable against such Credit Party in accordance with the terms thereof, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar statutes affecting the enforcement of creditors' rights generally and by general principles of equity.
- (d) Litigation. There are no actions, suits or proceedings at law or before or by any Administrative Body existing or pending, or to the best of the Borrower's knowledge threatened, to which any Transaction Party is, or to the Borrower's knowledge is threatened to be made, a party and the result of which would, if successful against it, reasonably be expected to have a Material Adverse Effect.
- (e) Environmental Law. Each Credit Party to the extent required (i) has obtained all permits, licenses and other authorizations which are required under Environmental Law; and (ii) is in compliance with Environmental Law and with the terms and conditions of all such permits, licenses and authorizations, except, in all cases, to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (f) Environmental Condition of Property. The property or any part thereof owned, leased, operated or controlled by each Credit Party, either directly or indirectly:
  - (i) is not, to the best of the knowledge of the Borrower, the subject of any outstanding claim, charge or order from an Administrative Body alleging violation of any Environmental Law or, if subject to any such claim, charge or order, the applicable Credit Party is taking all such remedial, corrective or other action required under the claim, charge or order or is diligently and in good faith contesting the validity thereof; and
  - (ii) complies in all respects with respect to each of its use and operation, with Environmental Law and with the terms and conditions of all permits, licenses and other authorizations which are required to be obtained under applicable Environmental Law,except to the extent that the failure to do so would not be reasonably expected to have a Material Adverse Effect.
- (g) Title to Properties. Each Credit Party has good and valid title to its property, subject only to Permitted Encumbrances and to minor defects of title which in the aggregate would not have or reasonably be expected to have a Material Adverse Effect. Each Credit Party is entitled to charge or pledge its interests in its property in favour of the Lender as provided in this Agreement without the need to obtain any consent of or release from any other Person which has not been obtained and such property is not held in trust by any Credit Party for any Person.

- (h) Financial Statements. Each of the financial statements of the Credit Parties delivered to the Lender in accordance with this Agreement have been prepared in accordance with Applicable Accounting Standards and such financial statements present fairly in all material respects the Credit Parties' consolidated financial position as at the date thereof.
- (i) Financial Condition. The most recent unaudited consolidated financial statements of the Credit Parties heretofore or contemporaneously delivered to the Lender were prepared in accordance with Applicable Accounting Standards and such financial statements present fairly in all material respects the Credit Parties' consolidated financial position as at the date thereof. Since the date of such financial statements, there has been no occurrence of any event or circumstance which would reasonably be expected to have a Material Adverse Effect.
- (j) Information. All factual information heretofore or contemporaneously furnished by or on behalf of any Transaction Party to the Lender in connection with this Agreement was true and accurate in all material respects at the time given and the Borrower is not aware of any omission of any material fact which renders such factual information incomplete or misleading in any material way at the time given.
- (k) No Breach of Orders, Licences or Statutes. No Credit Party is in breach of:
  - (i) any order, approval or mandatory requirement or directive of any Administrative Body;
  - (ii) any governmental licence or permit; or
  - (iii) any Applicable Law,the breach of which would reasonably be expected to have a Material Adverse Effect.
- (l) No Default. No Default has occurred and is continuing.
- (m) Insurance. Each Credit Party has in full force and effect, as required, such policies of insurance in such amounts and issued by such insurers of recognized standing covering the property of the Credit Parties as is standard for the industries in which they operate.
- (n) Approvals. All regulatory and other approvals, consents, permits and licenses necessary for each Credit Party to carry on its business, as currently carried on, and all approvals, consents, permits and licenses necessary for each Credit Party to enter into the Loan Documents to which it is a party and to perform its obligations thereunder have, in each case, been obtained and are in good standing except to the extent that failure to so obtain would not be reasonably expected to have a Material Adverse Effect.
- (o) Payment of Taxes. Each Credit Party has filed all Tax returns which are required to be filed and have paid all Taxes (including interest and penalties) which are due and payable, unless such payment is in good

faith disputed, and has made all appropriate provision in respect thereof in accordance with Applicable Accounting Standards.

- (p) Remittances. All of the remittances required to be made by each Credit Party to any applicable Administrative Body have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (q) Subsidiaries. The Borrower has no subsidiaries.
- (r) Debt and Liens. No Credit Party has any Debt, other than Permitted Debt, or Liens on its property, other than Permitted Encumbrances.
- (s) Material Adverse Effect. Since the date of the most recently unaudited financial statements provided to the Lender pursuant hereto, there have been no events, circumstances, developments or other changes in facts that would, in the aggregate, have a Material Adverse Effect.
- (t) Non-Resident. Each Credit Party is not a non-resident of Canada as defined by the *Income Tax Act* (Canada).

Each of the Transaction Parties acknowledges and agrees that the Lender is relying upon the representations and warranties in this section in making the Credit Facilities available to the Borrower and that the representations and warranties contained in this section, except for any representation and warranty made solely at the date hereof, shall be deemed to be restated in every respect effective on the date each and every Advance is made, including any Rollovers or Conversions.

The representations and warranties in this section shall survive until this Agreement has been terminated. All statements, representations and warranties contained in any Compliance Certificate and in the other Loan Documents or in any instruments delivered by or on behalf of any Transaction Party pursuant to this Agreement or the other Loan Documents shall constitute statements, representations and warranties made by the Borrower to the Lender under this Agreement.

## **COVENANTS:**

### **Positive Covenants**

While any Obligations under this Agreement or any other Loan Document are outstanding or any of the Credit Facilities remain available, the Borrower shall, and shall cause each other Transaction Party, as applicable, to:

- (a) Punctual Payment. pay or cause to be paid all Obligations and other amounts payable under the Loan Documents to which they are a party punctually when due.
- (b) Use of Credit Facilities. use each of the Credit Facilities only in accordance with their stated purposes herein.
- (c) Legal Existence. do all things necessary to preserve and keep in full force and effect its existence in good standing under the law of its jurisdiction of

creation and all other Applicable Laws, provided that any internal reorganization of the Credit Parties shall be permitted upon at least ten (10) days prior written notice being given to the Lender.

- (d) Material Adverse Claims. do all things necessary to defend, protect and maintain its property and the Security (and the priority thereof) from all material adverse claims where the failure to do so in the opinion of the Lender, acting reasonably, threatens the intended priority or validity of the Security as herein provided, or could reasonably be expected to have a Material Adverse Effect.
- (e) Maintain Title to Properties. maintain good and valid title to its property, subject only to Permitted Encumbrances which in the aggregate do not affect their rights of ownership therein or the value thereof in any material way.
- (f) Performance of Agreements. perform its obligations under the Loan Documents, all Material Contracts and all other agreements relating to its properties and businesses, including payment of rentals, Taxes or other charges in respect thereof which are necessary to maintain all such agreements in good standing in all respects, except to the extent failure to so perform would not reasonably be expected to have a Material Adverse Effect, provided that this covenant shall not restrict any right to surrender leases or terminate agreements which are uneconomic to maintain.
- (g) Comply with Applicable Laws and Maintain Permits. comply with all Applicable Laws, including Environmental Laws, and obtain and maintain all permits, licenses, consents and approvals necessary to the ownership of its property and to the conduct of its business in each jurisdiction where it carries on business or owns material property, including those issued or granted by any Administrative Body, except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (h) Insurance. maintain adequate insurance in respect of its material property, as is customary in the case of businesses of established reputation engaged in the same or similar businesses and to the extent available on commercially reasonable terms, and shall provide the Lender with copies of all insurance policies relating thereto if so requested. All such insurance policies shall contain a loss payable clause and mortgage clause in favour of the Lender as a first loss payee.
- (i) Notice of Default. notify the Lender of the occurrence of any Default as soon as reasonably possible upon it becoming aware thereof and specify in such notice the nature of the event and the steps taken or proposed to be taken to remedy the same (if possible).
- (j) Notice of Legal Proceedings. as soon as reasonably possible upon it becoming aware thereof, notify the Lender of the commencement of any legal or administrative proceedings or any insurance claims against any Transaction Party which, if adversely determined against a Transaction Party, would reasonably be expected to have a Material Adverse Effect.

- (k) Notice of Change of Control. as soon as reasonably possible upon becoming aware thereof, notify the Lender of any proposed, pending or actual Change of Control.
- (l) Inspection of Property; Books and Records; Discussions. maintain books and records of account in accordance with Applicable Accounting Standards and Applicable Law; and permit representatives of the Lender to visit and inspect any property of any Credit Party and to examine and make abstracts from any books and records of any Credit Party at any reasonable time during normal business hours and upon any reasonable request and notice, and to discuss the business, property, condition (financial or otherwise) and prospects of any Credit Party with their senior officers and (in the presence of such representatives, if any, as it may designate) with its independent chartered accountants.
- (m) Payment of Taxes. duly file on a timely basis all Tax returns required to be filed by it, and duly and punctually pay all Taxes and other governmental charges levied or assessed against it or its property, except to the extent a Credit Party has contested in good faith its obligation to do so and has made adequate reserves therefor in accordance with Applicable Accounting Standards and satisfactory to the Lender.
- (n) Remittances. make all of the remittances required to be made by it to the applicable Administrative Body and keep such remittances up to date, except to the extent it has contested in good faith its obligation to do so and has made adequate reserves therefor in accordance with Applicable Accounting Standards and satisfactory to the Lender.
- (o) Correct Surveys and other Real Estate records. to the extent requested by the Lender, to the best of its ability, promptly correct any survey or other document or real estate record associated with any of its respective properties.
- (p) Landlord Consent(s) and Agreement(s). provide the Lender with an executed copy of all applicable landlord consents and agreements (in form and substance satisfactory to the Lender) in favour of the Lender over any real property where the books and records of the Credit Parties are situated.
- (q) Other Information. provide to the Lender such other documentation and information concerning its business operations and that of any other Transaction Party as may be requested by the Lender, acting reasonably including, without limitation, pursuant to the terms of the Asset Purchase Agreement and the Agency and Trust Agreement.

### **Negative Covenants**

While any Obligations under this Agreement or any other Loan Document are outstanding or any of the Credit Facilities remain available, the Borrower shall not, and shall not permit any other Credit Party, as applicable, to do any of the following without the prior written consent of the Lender:

- (a) Limitation on Debt, Liens, Accounts, Distributions and Dispositions.
  - (i) incur Debt, except for Permitted Debt;
  - (ii) provide or permit a Lien over any of its property, except for Permitted Encumbrances;
  - (iii) create or maintain any deposit, operating or investment accounts of any kind with any other Person other than the Lender, except for Permitted Accounts;
  - (iv) make any Distribution to any Person, other than Permitted Distributions; and
  - (v) make any Disposition to any Person other than Permitted Dispositions.
  
- (b) Mergers, Amalgamation and Consolidations. merge, amalgamate, acquire, or consolidate with, another Person other than another Credit Party, provided that any internal reorganization of the Credit Parties shall require the Borrower to provide the Lender with at least ten (10) days prior written notice.
  
- (c) Change in Business, Name, Location or Fiscal Year.
  - (i) change in any material respect the nature of its business or cease to carry on such business,
  - (ii) change its name or locations of business (including its head office) or collateral from those disclosed to the Lender in writing as of the Financial Close without giving the Lender at least fifteen (15) days prior notice thereof; or
  - (iii) change its Fiscal Year without the prior written consent of the Lender.
  
- (d) Capital Contributions/Financial Assistance. make any contributions of capital or any other forms of equity investment in any Person (other than to another Credit Party), nor make any loan to, or provide any funds from the Credit Facilities to, any other Person (other than to another Credit Party) or provide any Financial Assistance to any Person.
  
- (e) Subsidiaries. create, acquire or otherwise permit to exist any subsidiary of the Credit Parties other than another Credit Party.
  
- (f) Transactions with Affiliates. enter into any transaction with any of its shareholders or with any of its subsidiaries or Affiliates, including the purchase, sale or exchange of any property or the rendering of any services, except for a transaction in the ordinary course of business and which is upon fair and reasonable terms not materially less favourable to the applicable Credit Party than it would obtain in a comparable arms-length transaction; provided that such restriction shall not apply to any transaction between Credit Parties.
  
- (g) Changes to Constating Documents. subject to any permitted internal reorganization of the Credit Parties as set forth herein, amend the terms of its constating documents, by-laws, partnership agreement or shareholders' agreement, as applicable, if, in each case, to do so would

reasonably be expected to materially and adversely affect the rights of the Lender under the Loan Documents.

- (h) Changes to Material Contracts. modify, alter, amend (except to correct or rectify ambiguities or inconsistent provisions, clerical omissions or manifest errors, provided that in each case such amendment is not prejudicial to the interest of any of the Credit Parties or the Lender) extend, renew, replace, knowingly waive strict and timely performance of any compliance with (including, without limitation) waive any default under, terminate, cancel or suspend or assign, any Material Contract or any material term, agreement, provision, item, obligation or covenant contained in any Material Contract.
- (i) Swaps. enter into any Swap outside the ordinary course of its business or for speculative purposes, or terminate any outstanding Swap prior to its maturity date.
- (j) Sale/Leaseback Transaction. enter into any form of sale/leaseback transaction with any Person other than another Credit Party.
- (k) Hostile Acquisition. use any of the Credit Facilities, directly or indirectly, to assist with any hostile acquisition of another Person.
- (l) Change of Control. incur a Change of Control.
- (m) Anti-Hoarding. use the proceeds of any Advance to (i) accumulate or (ii) maintain cash or cash equivalents, in either case, in one or more depository or investment accounts maintained by or on behalf of the Credit Parties (or otherwise accumulate and maintain the same in some other manner) if in either case, after giving effect to such Advance, the aggregate amount of such cash and cash equivalents between all such parties would be greater than \$1,000,000, but excluding therefrom cash or cash equivalents accumulated or maintained therein for a specified and legitimate business purpose and to be used by the Credit Parties for such purpose within ten (10) Banking Days of the Advance being made (other than simply accumulating a cash reserve), and, for certainty, the Lender may refuse to make any requested Advance which the Lender, acting reasonably, determines would result in a contravention of this subsection.

### **Financial Covenants**

While any Obligations under this Agreement or any other Loan Document are outstanding or any of the Credit Facilities remain available, the Borrower covenants and agrees with the Lender that the Borrower shall adhere to the following financial covenant, to be tested as set forth below (the “**Financial Covenant**”):

1. **Fixed Charge Coverage Ratio:** For each Fiscal Quarter, a minimum of 1.20:1 for the Borrower on a consolidated basis.

The Financial Covenant shall be tested within 30 days after each applicable 4 month period.



In addition to the above Financial Covenant, the Borrower shall report to the Lender on the following covenants, tested quarterly on a Trailing Fiscal Quarters basis, (unless agreed to otherwise in writing by the Lender) in accordance with Applicable Accounting Standards:

Financial Reporting Covenants

2. **Working Capital Ratio:** For each Fiscal Quarter, a minimum 1.25:1 for the Borrower on a consolidated basis.
3. **Funded Debt/EBITDA Ratio:** For the following Fiscal Quarters:
  - (a) for the Fiscal Quarter ending June 30, 2020, a maximum of 5.00:1 for the Borrower on a consolidated basis;
  - (b) for the Fiscal Quarter ending September 30, 2020, a maximum of 4.75:1 for the Borrower on a consolidated basis;
  - (c) for the Fiscal Quarter ending December 31, 2020, a maximum of 4.25:1 for the Borrower on a consolidated basis; and
  - (d) for each Fiscal Quarter ending thereafter commencing with March 31, 2021, a maximum of 3.50:1 for the Borrower on a consolidated basis.

It is acknowledged and agreed between the Lender and the Borrower that the Financial Reporting Covenants listed in items 2 and 3 above (the “**Financial Reporting Covenants**”) shall not be considered Financial Covenants for the purposes of this Agreement unless the Lender otherwise advises the Borrower in writing that such Financial Reporting Covenants shall become Financial Covenants for the purposes of this Agreement and at such time both the Lender and the Borrower agree to formally incorporate such change into this Agreement by way of a written amending agreement entered into between the parties.

EQUITY CURE AVAILABILITY

Any cash equity contribution made by any unitholder(s) of the Borrower, including Fulcrum, within five (5) days of when the delivery of the applicable Compliance Certificate for a particular period is required hereunder shall be permitted to be included in the calculation of EBITDA for the purposes of calculating the applicable Financial Covenant or Financial Reporting Covenants above for such period (and each applicable subsequent period thereafter), provided that such cash contribution shall be immediately delivered thereafter to the Lender and shall be applied by the Lender to any of the Credit Facilities in the Lender’s sole discretion.

**REPORTING REQUIREMENTS:**

While any Obligations under this Agreement or any other Loan Document are outstanding or any of the Credit Facilities remain available, the Borrower shall deliver, or cause to be delivered, the following to the Lender:

- (a) **Monthly (within 30 days after each month end) or such other period as the Lender may agree, in writing, on an interim basis from time to time, in its sole discretion:**

- (i) an updated aged list of accounts receivable and accounts payable on a consolidated basis for the Borrower together with an updated list of all contra accounts and Priority Claims;
  - (ii) a certified calculation of the Facility 1 Margin Requirement;
  - (iii) internally prepared monthly consolidated financial statements of the Borrower together with an updated Compliance Certificate based upon such information;
  - (iv) an updated 13 week cash flow statement for the Borrower; and
  - (v) a monthly back log report for the previous month on work awarded to the Borrower (listed by client and amount) but not yet completed, including expected margins to be achieved.
- (b) **Quarterly (within 45 days after the end of each Fiscal Quarter for the first three Fiscal Quarters and within 90 days after the Fiscal Year end):**
- (i) internally prepared quarterly consolidated financial statements of the Borrower with a comparison to the current budget of the Borrower and to the previous Fiscal Year together with an updated Compliance Certificate based upon such information, and
  - (ii) a quarterly back log report for the previous Fiscal Quarter on work awarded to the Borrower (listed by client and amount) but not yet completed;
- (c) **Within 30 days after March 31, June 30, October 31 and December 31 of each year:**  
An updated Compliance Certificate from the Borrower evidencing, among other things, its calculation of the Financial Covenant and the Financial Reporting Covenants for such Fiscal Quarter;
- (d) **Annually (within 60 days after the Fiscal Year end):**
- (i) A financial forecast for the Borrower, on a consolidated basis, such forecast to be structured on a quarterly basis and to include an income statement, balance sheet, cash flow statement, capital expenditure budget and a detailed list of assumptions and projected compliance ratios; and
  - (ii) An updated Fulcrum Certificate from Fulcrum;
- (e) **Annually (within 120 days after the Fiscal Year end):**  
Audited consolidated financial statements and related management discussion and analysis of the Borrower together with an updated Compliance Certificate based upon such information;
- (f) prompt notification of any management letters, default notices, litigation involving any Transaction Party and any other material event affecting any Transaction Party; and
- (g) such other information as the Lender may reasonably request from time to time.

**RIGHT TO SUSPEND  
OR TERMINATE  
CREDIT FACILITIES:**

In addition to its right to demand the repayment of any or all of the Credit Facilities at any time and for any reason in its sole discretion, upon the occurrence of any

Default which has not been remedied or waived, the Lender shall be entitled to, without limiting or restricting other remedies or rights under contract, at law or in equity, as it may in its sole and unfettered discretion determine suspend or cease to make or continue any Advances hereunder, notwithstanding any prior receipt by the Lender of a Borrowing Notice or any other event and the Lender may, by written notice to the Borrower, declare the Credit Facilities and the right of the Borrower to apply for further Advances or availability thereunder to be terminated and to demand that all Obligations become immediately due and owing.

**ASSIGNMENT:**

Neither the Borrower nor any other Transaction Party shall assign any of its rights or obligations under this Agreement or under any other Loan Document to any other person. Provided the Lender has obtained the prior consent of the Borrower, which consent shall not be unreasonably withheld, the Lender shall have the right (i) to assign all or a part of its loans or commitments under this Agreement in minimum amounts of \$5,000,000 to financial institutions, (ii) to sell participations in all or part of its loans or commitments under this Agreement, in each case to one or more financial institutions, and (iii) to assign any rights in the Security to any such assignee(s). The Lender does not require consent of the Borrower to any of the foregoing if the assignment or participation occurs at a time when a Default has occurred and is continuing. The Lender reserves the right to syndicate the Credit Facilities with the acceptance of the Borrower.

**AUTHORIZATION AND CONSENT:**

The Borrower authorizes and consents to the Lender's reproduction, disclosure and use of information about the Borrower and the other Credit Parties (including any associated trade names and identifying logos) for the purpose of publishing promotional "tombstones" and other forms of notices regarding this Agreement and the Credit Facilities. The Borrower acknowledges and agrees that no compensation shall be payable by the Lender to the Borrower for such authorization and consent and that the Lender shall have no liability whatsoever to the Borrower or any of the other Credit Parties or their respective employees, officers, directors, affiliates or shareholders in obtaining and using such information in accordance with this section.

**EVIDENCE OF INDEBTEDNESS:**

Each of the Transaction Parties acknowledges and agrees that the actual recording of the amount of any Advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in the accounts of the Borrower maintained by the Lender, shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under this Agreement; provided that the obligation of the Borrower to pay or repay any amounts in accordance with the terms and conditions of this Agreement shall not be affected by the failure of the Lender to make such recording. The Borrower hereby acknowledges being indebted to the Lender for the principal balance outstanding from time to time under the Credit Facilities, as applicable, and all accrued and unpaid interest with respect thereof.

**ACCOUNTING CHANGES:**

The Lender and the Borrower agree that for the purposes of its financial reporting pursuant to this Agreement, the Credit Parties shall use ASPE. If there occurs a material change in ASPE, and such change would require disclosure under ASPE in the financial statements of the Credit Parties provided pursuant to this Agreement which would cause an amount required to be determined for the

purposes of any Financial Covenant and/or any Financial Reporting Covenant to be materially different than the amount that would be determined without giving effect to such change, the Borrower shall promptly notify the Lender of such change (an “**Accounting Change**”). Such notice (an “**Accounting Change Notice**”) shall describe the nature of the Accounting Change, its effect on the current and immediately prior year’s financial statements in accordance with ASPE and state whether the Borrower desires to revise the method of calculating one or more of the Financial Covenants and/or the Financial Reporting Covenants, as applicable, (including any revision of any of the defined terms used in the determination of any such Financial Covenants and/or Financial Reporting Covenants), in order that amounts determined after give effect to such Accounting Change and the revised method of calculation of such Financial Covenants and/or Financial Reporting Covenants shall approximate the amount that would be determined without giving effect to such Accounting Change and without giving effect to the revised method of calculating such Financial Covenants and/or Financial Reporting Covenants. The Accounting Change Notice shall be delivered to the Lender within sixty (60) days of the end of the Fiscal Quarter in which the Accounting Change is implemented or, if such Accounting Change is implemented in the fourth Fiscal Quarter or in respect of an entire Fiscal Year, within one hundred and twenty (120) days of the end of such period. If the Borrower does not indicate that it wishes to revise the method of calculating any Financial Covenant and/or Financial Reporting Covenants, the Lender may within thirty (30) days of receipt of the Accounting Change Notice notify the Borrower that it wishes to so revise such Financial Covenant(s) and/or Financial Reporting Covenants.

If either the Borrower or the Lender indicates that it wishes to revise the method of calculating any of the Financial Covenants and/or Financial Reporting Covenants, the Borrower and the Lender shall in good faith attempt to agree on a revised method of calculating such Financial Covenants and/or Financial Reporting Covenants. If, however, within sixty (60) days of the foregoing notice by the Borrower or Lender of the desire to revise the method of calculating such Financial Covenants and/or Financial Reporting Covenants, the Borrower and the Lender have not reached agreement in writing on such revised method of calculation, such method of calculation shall not be revised and all amounts to be determined pursuant to such Financial Covenants and/or Financial Reporting Covenants shall be determined without giving effect to such Accounting Change. For greater certainty, if no notice of a desire to revise the method of calculating the Financial Covenants and/or Financial Reporting Covenants in respect of an Accounting Change is given by either the Borrower or the Lender within the applicable time period described above, the method of calculating such Financial Covenants and/or Financial Reporting Covenants shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to such Financial Covenants and/or Financial Reporting Covenants shall be determined without giving effect to such Accounting Change.

**SET OFF:**

Upon the occurrence of any Default which is continuing, the Lender shall have the right to set off and apply any funds of the Credit Parties deposited with or held by the Lender from time to time, and any other indebtedness at any time owing to the Credit Parties by the Lender, against any of the Obligations outstanding hereunder or any other Loan Document from time to time.

**AUTHORIZATION**

**TO DEBIT ACCOUNT:** The Borrower authorizes and directs the Lender, in its discretion, to automatically debit, by mechanical, electronic or manual means, without further notice or consent any and all bank accounts of the Borrower maintained by the Lender for any amounts (including principal, interest or fees and all legal fees and disbursements) that are due and payable under or in accordance with this Agreement.

**INDEMNITY:**

Each of the Credit Parties agrees to indemnify and hold the Lender and its officers, directors, employees and agents harmless from and against any and all liabilities and costs associated with or as a result of the Lender entering into and performing its obligations under this Agreement and the other Loan Documents, including but not limited to liabilities or costs associated with or as a result of (i) any transaction financed or to be financed in whole or in part, directly or indirectly, by the proceeds of the Credit Facilities; or (ii) any breach or non-compliance of any Environmental Law by any Credit Party, other than, in either case, such liabilities or costs which result from the gross negligence or wilful misconduct of such indemnified parties, as determined by a final judgment of a court of competent jurisdiction (after all possible appeals thereof have been exhausted). This indemnity, together with any other indemnity set forth herein or in any other Loan Document in favour of the Lender and/or its officers, directors, employees and agents shall survive the repayment, cancellation or termination of this Agreement.

**NOTICE:**

All notices, requests, demands and other communications hereunder or in any other Loan Document shall be in writing and shall be furnished to the parties at the addresses below. Notices shall be given by courier, hand delivery or facsimile and shall be deemed to be received on the Banking Day of receipt (unless such delivery or transmission is received after 5:00 p.m. Calgary time on such Banking Day, in which case it shall be deemed to have been received on the following Banking Day).

**To any Credit Party:**

c/o Tradesmen Enterprises Limited Partnership  
#730, 440 – 2<sup>nd</sup> Avenue SW  
Calgary, AB T2P 5E9

Attn: Ken Krawiec, Chief Financial Officer  
Fax: (604) 408-8892

With a copy to:

PEF 2010 Tradesmen Investment Limited Partnership  
c/o FCPI Tradesmen GP Inc.  
885 West Georgia Street  
Suite 1020  
Vancouver, British Columbia, V6C 3E8

Attention: Graham Flater and Dean Kato  
Fax: (604) 408-8892

**To Fulcrum:**

c/o PEF 2010 Tradesmen Investment Limited Partnership  
c/o FCPI Tradesmen GP Inc.

885 West Georgia Street  
Suite 1020  
Vancouver, British Columbia, V6C 3E8

Attention: Graham Flater and Dean Kato  
Fax: (604) 408-8892

**To the Lender:**

Bank of Montreal  
Corporate Finance  
350, 7<sup>th</sup> Ave SW, 9<sup>th</sup> Floor  
Calgary, AB T2P 3N9

Attn: Director, Corporate Finance Division  
Fax: (403) 234-1688

**USE OF FACILITIES:** The Borrower acknowledges and agrees that the Credit Facilities shall only be used by the Borrower for legal business purposes.

**INCREASED COSTS, TAXES, ETC.:** The Borrower shall reimburse the Lender for any additional costs the Lender incurs in performing its obligations under the Credit Facilities resulting from any change in law, including any reserve or special deposit requirement or any Tax (other than Tax relating to the income of the Lender) or capital requirement or any change in the compliance of the Lender therewith, that has the effect of increasing the cost of funding to the Lender or reducing the effective return on its capital. All payments made by the Borrower or any other Transaction Party hereunder or under any other Loan Document shall be made free and clear of any present and future taxes, withholdings or any other deductions.

**EXPENSES:** All reasonable legal and other out of pocket costs and expenses incurred by the Lender with respect to the preparation, negotiation, completion and enforcement of this Agreement and all other documents contemplated by or related to this Agreement (including legal fees and disbursements of the Lender's counsel on a solicitor and his own client basis) shall be for the account of the Borrower and shall promptly be paid by the Borrower when due, regardless of whether the conditions precedent to the effectiveness of this Agreement are satisfied or whether any funds are advanced.

**INTERPRETATION:** In this Agreement, unless the context otherwise requires, (i) words importing the singular number shall include the plural and vice versa, (ii) words importing any gender include all genders, (iii) references to agreements and other contractual instruments shall be deemed to include all present or future amendments, supplements, restatements or replacements thereof or thereto, (iv) "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile and (v) "executed" or "signed" includes written, printed, scanned, stamped or otherwise mechanically reproduced form of a signature, including by an electronic signature or a digital signature created via a medium or a technology that ensures the authenticity and integrity of such signature.

**TIME OF THE ESSENCE:**

Time shall be of the essence in this Agreement.

**WAIVER OR VARIATION:**

No term or condition of this Agreement or of any other Loan Document may be waived or varied verbally or by any course of conduct of any officer, employee or agent of the Lender. All waivers must be in writing and signed by a duly authorized officer of the Lender. Any amendment to this Agreement or any other Loan Document must be in writing and signed by a duly authorized officer of the Lender, failing which such amendment shall be of no force and effect.

**PERMITTED ENCUMBRANCES:**

Any reference in any of the Loan Documents to a Permitted Encumbrance is not intended to, and shall not be interpreted as subordinating or postponing, or as an agreement to subordinate or postpone, any obligation of any Transaction Party to the Lender under any of the Loan Documents to any Permitted Encumbrance.

**CONSENT TO USE AND DISCLOSE INFORMATION:**

The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, “**AML Legislation**”), the Lender may be required to obtain, verify and record information regarding each of the Transaction Parties, each of their directors, authorized signing officers and the transactions contemplated hereby. The Borrower shall provide, or cause to be provided, to the extent commercially reasonable, all such information, including supporting documentation and other evidence, as may be reasonably requested by the Lender in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

When it is necessary for providing products and services to the Transaction Parties, the Borrower consents for and on behalf of the Transaction Parties to the Lender obtaining from any credit reporting agency or from any person any information (including personal information) that the Lender may require at any time. The Borrower also consents for and on behalf of the Transaction Parties to the disclosure at any time by the Lender of any information concerning any Transaction Party to any credit grantor, to any credit reporting agency, or to the Lender’s subsidiaries and affiliates. If applicable, the Borrower also authorizes the Lender to release the information contemplated by any builder’s lien or similar legislation to all persons claiming a right to such information under such legislation. The Borrower may refuse or withdraw these consents in the future, however this may result in the Lender cancelling or withholding products or services for which these consents are necessary.

**CONFIDENTIAL:**

This Agreement is to be held strictly confidential by the Transaction Parties and may not be disseminated to any other person (except on the same confidential basis to the Borrower’s officers, directors and professional advisors and to the other Transaction Parties and their respective officers, directors and professional advisors) without the prior written consent of the Lender unless disclosure is required by law.

**NON-MERGER  
AND CONFLICT:**

The terms and conditions of this Agreement shall not be merged by, and shall survive the execution of the Security. In the event of a conflict between the terms of this Agreement and the terms of any other Loan Document, the terms of this Agreement shall prevail to the extent of such conflict.

The rights and benefits conferred by this Agreement shall enure to the benefit of the Borrower and the Lender and their respective successors and permitted assigns and shall be binding upon the Borrower and the Lender and their respective successors and permitted assigns.

**GOVERNING LAW:**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

**ENTIRE  
AGREEMENT:**

This Agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof.

**EFFECTIVE DATE  
OF AGREEMENT:**

Upon the satisfaction (or waiver) of all conditions precedent associated with the effectiveness of this Agreement, the Lender and Borrower acknowledge and agree that notwithstanding when this Agreement has been executed and delivered by the parties hereto, this Agreement shall be effective as of July 6, 2020.

**EXECUTION:**

This Agreement, including any Schedules attached hereto, along with the consents and acknowledgements attached hereto, may be executed in, and delivered by, any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW]



This Agreement has been executed by the duly authorized signing officer(s) of each party as of the date first written above.

**TRADESMEN ENTERPRISES LIMITED PARTNERSHIP**  
By its general partner, Tradesmen Enterprises Inc.

  
Name: Ken Krawiec  
Title: Chief Financial Officer

\_\_\_\_\_  
Name:  
Title:

**BANK OF MONTREAL**

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

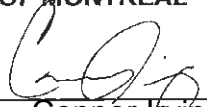
This Agreement has been executed by the duly authorized signing officer(s) of each party as of the date first written above.


**TRADESMEN ENTERPRISES LIMITED PARTNERSHIP**  
By its general partner, Tradesmen Enterprises Inc.

\_\_\_\_\_  
Name: Ken Krawiec  
Title: Chief Financial Officer

\_\_\_\_\_  
Name:  
Title:

**BANK OF MONTREAL**

  
\_\_\_\_\_  
Name: Connor Irving  
Title: Senior Director

  
\_\_\_\_\_  
Name: DUC NGUYEN  
Title: SENIOR ASSOCIATE

## CONSENT AND AGREEMENT OF GUARANTOR

The undersigned, in its capacity as a Guarantor of the Borrower for the Obligations pursuant to the Loan Documents, hereby consents and agrees to the terms of this Fourth Amended and Restated Loan Agreement, acknowledges and confirms the representations, warranties and covenants applicable to it in this Agreement, acknowledges that its Guarantee and all other Security granted by it to the Lender in support of its Obligations under the Loan Documents remains in full force and effect and unamended and undertakes and agrees to take all such actions as may be required of it to give effect to and cause the effective and timely performance of the terms and conditions of this Agreement and any Loan Document to which it is a party.

Dated this 6th day of July, 2020.

### TRADESMEN ENTERPRISES INC.

By:

Name:  Ken Krawiec

Title: Chief Financial Officer


**CONSENT AND AGREEMENT OF FULCRUM**

The undersigned, in its capacity as a Guarantor of the Borrower for the Obligations pursuant to the Loan Documents, hereby consents and agrees to the terms of this Fourth Amended and Restated Loan Agreement, acknowledges and confirms the representations, warranties and covenants applicable to it in this Agreement, and undertakes and agrees to take all such actions as may be required of it to give effect to and cause the effective and timely performance of the terms and conditions of this Agreement and any Loan Document to which it is a party.

Dated this 6th day of July, 2020.


**PEF 2010 (A) LIMITED PARTNERSHIP  
By its general partner, Fulcrum Capital  
Partners Inc.**

By:   
Name: John Philp  
Title: Partner


By:   
Name: Johan Lemmer  
Title: Chief Financial Officer


**PEF 2010 (B) LIMITED PARTNERSHIP  
By its general partner, Fulcrum Capital  
Partners Inc.**

By:   
Name: John Philp  
Title: Partner

By:   
Name: Johan Lemmer  
Title: Chief Financial Officer

**PEF 2010 (C) LIMITED PARTNERSHIP  
By its general partner, Fulcrum Capital  
Partners Inc.**

By:   
Name: John Philp  
Title: Partner

By:   
Name: Johan Lemmer  
Title: Chief Financial Officer

## Schedule "A"

### Definitions

For the purposes of the agreement constituted between the Lender and the Borrower by the loan agreement to which this Schedule "A" is attached, the following terms and phrases shall have the following meanings:

**"Acceptable Investment Grade Receivables"** means the aggregate accounts receivable of the Credit Parties, from customers approved by the Lender with a minimum S&P rating of BBB+ or better, or a Moody's rating of Baa1 or better, as the case may be (each an **"Investment Grade Customer"**), determined by the Lender from its review of the most recent consolidated financial statements and aged listing of accounts receivable of the Credit Parties over which the Lender holds a first assignment or first security interest, but from which shall be excluded (i) holdbacks, (ii) accounts from Investment Grade Customers which have been outstanding for more than 90 days, (iii) accounts receivable from affiliated corporations, (iv) accounts due to sub-contractors, (v) accounts subject to undue credit risk (in the Lender's sole discretion), (vi) any overbillings, and (vii) accounts which are disputed by an Investment Grade Customer or are subject to set-off.

**"Acceptable Receivables"** means the aggregate accounts receivable of the Credit Parties determined by the Lender from its review of the most recent consolidated financial statements and aged listing of accounts receivable of the Credit Parties over which the Lender holds a first assignment or first security interest, but from which shall be excluded (i) Acceptable Investment Grade Receivables, (ii) holdbacks, (iii) accounts which have been outstanding for more than 60 days, (iv) accounts receivable from affiliated corporations, (v) accounts due to sub-contractors, (vi) accounts subject to undue credit risk (in the Lender's sole discretion), (vii) any overbillings, and (viii) accounts which are disputed by the Credit Parties' customers or are subject to set-off.

**"Administrative Body"** means any domestic or foreign, national, federal, provincial, state, municipal or other local government or regulatory body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

**"Advance"** means any actual or deemed advance or other extension or utilization of credit pursuant to this Agreement and includes any Prime Advance, USBR Advance, LIBOR Advance, BA Advance and Letter of Credit Advance and any renewal, extension, Conversion or Rollover of any of the foregoing.

**"Affiliate"** has the meaning attributed to it in the *Business Corporations Act* (Alberta), except for the purposes of such definition a partnership (being either general or limited), a trust (including the trustees of such trust) and a limited liability company shall also be considered a body corporate.

**"Agency and Trust Agreement"** means the agency and trust agreement dated on or about April 17, 2013 between the Vendor, as agent, and the Borrower, as principal, as amended from time to time.

**"Agreement"** means this fourth amended and restated loan agreement between the Borrower and the Lender, including all schedules attached hereto, as further amended or amended and restated from time to time.

**"Applicable Accounting Standards"** means, as adopted by the Credit Parties and accepted by the Lender pursuant to this Agreement from time to time, GAAP, ASPE or IFRS.

**"Applicable Laws"** means, in relation to any person, transaction or event:

- (a) all applicable rules of common law and equity, and all applicable provisions of laws, statutes, rules, policies and regulations of any Administrative Body in effect from time to time having force of law; and
- (b) all judgments, orders, awards, decrees, official directives, writs and injunctions all having force of law from time to time in effect of any Administrative Body in an action, proceeding or matter in which the person is a party or by which it or its property is bound or having application to the transaction or event.

**"Applicable Margin"** has the meaning given to it in the "Pricing" section of this Agreement.

**"ASPE"** means the accounting standards for private enterprises which are in effect from time to time in Canada, as adopted by the Credit Parties and accepted by the Lender pursuant to this Agreement, as applicable, as at the date on which any calculation or determination is required to be made.

**"Asset Purchase Agreement"** means the asset purchase agreement dated April 8, 2013 among the Vendor, 1261403 Alberta Ltd., 824506 Alberta Ltd., the Borrower, PEF 2010 Tradesmen Investment Limited Partnership, Dean Michael Kato and Bradford James Clarke, as amended from time to time.

**"BA Advance"** means an Advance effected by an acceptance by the Lender of a Banker's Acceptance which bears interest at a rate based on the CDOR Rate.

**"BA Interest Period"** means, with respect to each BA Advance, the period selected by the Borrower hereunder, being of 1, 2 or 3 months' duration, subject to availability, commencing on the applicable date of Advance, or the applicable date of the Rollover or Conversion of such Advance, as the case may be.

**"Banker's Acceptance"** means a bill of exchange or a blank non-interest bearing depository bill as defined in the DBNA drawn by the Borrower and accepted by the Lender in respect of which the Borrower becomes obligated to pay the face amount thereof to the holder (which may be a third party or the Lender) upon maturity.

**"Banking Day"** means a day of the year, other than a Saturday, Sunday or statutory holiday, on which financial institutions are open for domestic and foreign exchange business in Calgary, Alberta and Toronto, Ontario, and when used in respect of LIBOR Advances, shall also mean any day other than a Saturday or a Sunday or statutory holiday on which banks are generally open for business in New York, New York and London, England and on which transactions can be carried on in the London interbank market, and when used in respect of USBR Advances shall also mean any day other than a Saturday or a Sunday or statutory holiday on which banks generally are open for business in New York, New York.

**"BIA"** means the *Bankruptcy and Insolvency Act* (Canada), and any successor statute.

**"Borrower"** has the meaning given to it on the first page of this Agreement.

**"Borrowing Notice"** means the form of notice set forth in Schedule "C" attached hereto with the blanks completed.

**"bps"** means 1/100 of 1%.

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

**"Capital Lease"** means any lease, license or similar transaction determined as a capital lease in accordance with Applicable Accounting Standards.

**"Cash Collateral Account"** means an account with the Lender from which the applicable Credit Party does not have any withdrawal rights or privileges until repayment of the Obligations in full, termination of the Credit Facilities and termination of this Agreement, except to apply the amount represented thereby to the Obligations or a portion thereof, which account and all funds credited thereto and interest earned thereon (which interest shall be at the prevailing rate of the Lender for demand deposits of comparable amounts) shall be the subject of a priority security interest in favour of the Lender.

**"CCAA"** means the *Companies' Creditors Arrangement Act* (Canada), and any successor statute.

**"CDOR"** means Canadian dollar offered rate.

**"CDOR Rate"** means, with respect to each BA Interest Period for a BA Advance, the rate of interest per annum equal to the average rate applicable to Canadian Dollar bankers' acceptances having an identical or comparable term as the proposed BA Advance displayed and identified as such on the display referred to as the Refinitiv screen Canadian Dollar Offered Rate (CDOR) page (and if such page is not available, any successor or similar service as may be selected by the Lender) as at approximately 10:00 a.m. (EST) on such day (or, if such day is not a Banking Day, as of 10:00 a.m. (EST) on the immediately preceding Banking Day); provided that if any such rate is below zero, the CDOR Rate shall be deemed to be zero and if such rate does not appear on the CDOR page (or the substituted page of any successor or similar service selected by the Lender) at such time on such date, the rate for such date will be the annual discount rate (rounded upward to the nearest whole multiple of 1/100 of 1%) as of 10:00 a.m. (EST) on such day at which a Canadian chartered bank listed on Schedule I of the *Bank Act* (Canada) as selected by the Lender is then offering to purchase Canadian Dollar bankers' acceptances accepted by it having such specified term (or a term as closely as possible comparable to such specified term).

**"Change of Control"** means if on or after the Financial Close any Person (other than a Credit Party) acquires, directly or indirectly, alone or in concert with other Persons, any Voting Securities in the capital of any Credit Party in excess of 49.9% of the then issued and outstanding Voting Securities of such Credit Party.

**"Compliance Certificate"** means the form of certificate set forth in Schedule "B" attached hereto with the blanks completed.

**"Conversion"** means a conversion or deemed conversion of one type of Advance into another type of Advance pursuant to and permitted by this Agreement by way of the issuance of a Borrowing Notice by the Borrower to the Lender, and **"Converted"** and **"Convert"** have corresponding meanings.

**"Credit Facilities"** has the meaning given to it on the first page of this Agreement.

**"Credit Parties"** and **"Credit Party"** has the meaning given to it on the first page of this Agreement.

**"Current Assets"** means assets that would be shown as current assets on a consolidated balance sheet of the Credit Parties prepared in accordance with Applicable Accounting Standards, and would include such assets as cash, accounts receivable, inventory and other assets that are likely to be converted into cash, sold, exchanged or expended in the normal course of business within one (1) year or less.

**"Current Liabilities"** means liabilities that would be shown as current liabilities on a consolidated balance sheet of the Credit Parties prepared in accordance with Applicable Accounting Standards, and would include such liabilities as Funded Debt that is or shall become payable within one (1) year or one operating cycle, whichever is longer, accounts payable, accrued expenses and deferred revenue and excluding in any event the current portion of long term bank debt and the current portion of Capital Lease obligations.

**“DBNA”** means the *Depository Bills and Notes Act* (Canada).

**“Debt”** means all indebtedness which would, in accordance with Applicable Accounting Standards, be classified upon a consolidated balance sheet of the Credit Parties as indebtedness for borrowed money of the Credit Parties and, whether or not so classified, shall include (without duplication and on a consolidated basis):

- (a) indebtedness for borrowed money (which for certainty excludes accounts payable incurred in the ordinary course of business);
- (b) obligations arising pursuant to banker’s acceptance facilities and commercial paper programs, and under letters of credit, letters of guarantee or any other similar instruments (supporting obligations which would otherwise constitute Debt within the meaning of this definition) or indemnities issued in connection therewith;
- (c) obligations under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness of any other Person or the obligations of any other Person which would otherwise constitute Debt within the meaning of this definition, and all other obligations incurred for the purpose of, or having the effect of, providing Financial Assistance to another Person in respect of the indebtedness of such other Person or such other Debt obligations, including endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);
- (d) all obligations of any other Person which are secured by a Lien on any of the assets of any of the Credit Parties; and
- (e) all indebtedness representing the deferred purchase price of any property or services, and all obligations created or arising under any conditional sales agreement or other title retention agreement (but excluding operating leases) or any Capital Lease.

**“Default”** means any breach or contravention of any term or condition of this Agreement or any other Loan Document.

**“Disposition”** means a sale, lease, release, abandonment, licence, exchange, transfer, loan or other disposition by a Person of any property, asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

**“Distribution”** means without duplication:

- (a) any declaration or payment of any distribution to any holder of any shares, units or other ownership interests of any class in the capital of a Credit Party (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);
- (b) any declaration or payment of dividends, royalties, distributions, fees or management fees (other than fees or management fees payable to an officer, director or employee of a Credit Party in the ordinary course of business) of any kind directly or indirectly to any Person that is not a Credit Party;
- (c) any repurchase, retraction, redemption or other retirement of shares, units or other ownership interests of any class in the capital of a Credit Party;
- (d) any repayment by any Credit Party of any amount of principal, interest or other amounts in respect of any indebtedness owed to any Person other than to a Credit Party or the Lender;
- (e) any loan or advance that is made by a person to or in favour of a holder of shares in such person or an Affiliate of such holder unless from one Credit Party to another Credit Party; or
- (f) the transfer by a person of any of its property or assets for consideration of less than fair market value thereof to any other person, unless from one Credit Party to another Credit Party.

**“EBITDA”** means “earnings” (as defined in the Credit Parties’ consolidated financial statements prepared in accordance with Applicable Accounting Standards) before interest expense, income taxes, depreciation,



amortization and extraordinary/unusual non-recurring items (to be agreed upon by the Lender from time to time before their inclusion for any applicable period).

“**EDC**” means Export Development Canada and its successors.

“**EDC Account PSG**” means the EDC account performance security guarantee issued by EDC to the Lender on July 31, 2017 with respect to the Borrower and the applicable Credit Facilities hereunder, as the same may be amended, amended and restated or otherwise replaced from time to time.

“**Environment**” means all components of the earth, including all layers of the atmosphere, air, land (including all underground spaces and cavities and all lands submerged under water), soil, water (including surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include the components referred to in this definition.

“**Environmental Law**” means any Applicable Law relating, in whole or in part, to the protection or enhancement of the Environment, including occupational safety, product liability, public health, public safety and transportation or handling of dangerous goods.

“**Equivalent Amount**” means, with respect to any two currencies, the amount obtained in the selected currency when an amount in the other currency is translated into the selected currency, using the reference rate the Lender customarily uses for commercial loans being administered by it in Canada, for the purchase of the applicable amount of the selected currency with the other currency in effect as of 12:00 noon (EST) on the Banking Day with respect to which such computation is required for the purpose of this Agreement or, in the absence of such a buying rate on that date, such other rate as may be agreed to in writing between the Lender and the Borrower.

“**Facility 1 Margin Requirement**” has the meaning given to it in the “Facility 1 Margin Requirement” section of this Agreement within the Facility 1 section.

“**Facility 1 Margin Shortfall**” has the meaning given to it in the “Facility 1 Margin Shortfall” section of this Agreement within the Facility 1 section.

“**Federal Funds Rate**” means, for any day, the rate on overnight federal funds transactions calculated by the Federal Reserve Bank of New York as the federal funds effective rate, as published on the next succeeding Banking Day by the Federal Reserve Bank of New York, or, if such rate is not published for any day that is a Banking Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for that day on overnight federal funds transactions received by the Lender from three (3) depository institutions of recognized standing selected by the Lender.

“**Financial Assistance**” means providing or agreeing to provide (either directly or indirectly) financial assistance to any Person including, without limitation, financial assistance by way of a loan, guarantee, loan purchase, share purchase, equity contribution or any credit support arrangement of any nature whatsoever, the purpose of which is to assure payment to the holder of any liabilities of such Person.

“**Financial Close**” means the date upon which all closing matters and conditions precedent associated with this Agreement have been completed to the satisfaction of the Lender, the anticipated date of which is identified on the first page of this Agreement.

“**Financial Covenants**” has the meaning given to it in the “Financial Covenants” section of this Agreement, but for greater certainty does not include any Financial Reporting Covenant.

**“Financial Reporting Covenants”** has the meaning given to it in the “Financial Reporting Covenants” section of this Agreement.

**“Fiscal Quarter”** means the three (3) month period commencing on the first day of each Fiscal Year and each successive three (3) month period thereafter during each such Fiscal Year.

**“Fiscal Year”** means the fiscal year of the Borrower and the other Credit Parties commencing on January 1 of each year and ending on December 31 of each year.

**“Fixed Charge Coverage Ratio”** means, for the applicable period, EBITDA less (a) cash taxes and distributions *divided by* (b) interest on Debt and Capital Leases on a Trailing Fiscal Quarters basis (including interest payments on Permitted Debt that is subordinated to the Lender) and scheduled principal payments on Debt and Capital Leases.

**“Fulcrum”** has the meaning given to it on the first page of this Agreement.

**“Fulcrum Certificate”** means the form of certificate set forth in Schedule “E” attached hereto, signed by an authorized officer of Fulcrum.

**“Fulcrum Guarantee”** means the limited guarantee that has been issued by Fulcrum to the Lender that guarantees the repayment of the Borrower’s Obligations to the Lender pursuant to this Agreement, as the same may be amended or amended and restated from time to time.

**“Funded Debt”** means, with reference to the Credit Parties on a consolidated basis, all senior secured obligations, liabilities and indebtedness (including the principal portion of Capital Leases, Purchase Money Liens and any outstanding amount of letters of credit and letters of guarantee) which would, in accordance with Applicable Accounting Standards, be classified on a consolidated balance sheet of the Credit Parties as indebtedness for borrowed money of the Credit Parties plus the negative hedging risk of all outstanding Swaps involving the Credit Parties.

**“Funded Debt to EBITDA Ratio”** means for the applicable period, the ratio of:

- (a) the Funded Debt of the Credit Parties, at the end of their most recently completed Fiscal Quarter, determined on a consolidated basis, without duplication; and
- (b) the EBITDA of the Credit Parties determined on a consolidated basis, without duplication, for their Trailing Fiscal Quarters.

If prior to the end of any Fiscal Quarter (the **“Relevant Fiscal Quarter”**), the Credit Parties have consummated an acquisition or a disposition of property or a Credit Party (other than a Permitted Disposition) approved by the Lender, then either the Borrower may submit, or the Lender may request that the Borrower submit to the Lender, a *pro forma* Compliance Certificate, together with a management analysis (including supporting financial statements) respecting the *pro forma* Compliance Certificate, certified by a senior officer of the Borrower, setting forth what would have been the Funded Debt to EBITDA Ratio at the end of such Relevant Fiscal Quarter, had the material transaction closed at the beginning of the period in respect of which the Funded Debt to EBITDA Ratio is calculated, and if in the opinion of the Lender, acting reasonably, the *pro forma* Compliance Certificate accurately represents what would have been the Funded Debt to EBITDA Ratio at the end of the Relevant Fiscal Quarter had such material transaction closed at the beginning of such period, the Funded Debt to EBITDA Ratio for such period shall be the value of that ratio as disclosed in such *pro forma* Compliance Certificate.

**“GAAP”** generally accepted accounting principles consistently applied which are in effect from time to time in Canada, as published in the Handbook of the Canadian Institute of Chartered Accountants, as adopted by the Credit Parties and accepted by the Lender pursuant to this Agreement, as applicable, as at the date on which any calculation or determination is required to be made.

**“Guarantors”** has the meaning given to it on the first page of this Agreement.

**“IFRS”** means the international financial reporting standards, approved by the International Accounting Standards Board or any successor thereto (**“IASB”**), as adopted by the Credit Parties and accepted by the Lender pursuant to this Agreement, as applicable, as at the date on which any calculation or determination is required to be made, provided that, in accordance with the international financial reporting standards, where the IASB includes a recommendation concerning the treatment of any accounting matter, such recommendation shall be regarded as the only international financial reporting standard.

**“Lender”** has the meaning given to it on the first page of this Agreement.

**“Letter of Credit”** means a standby letter of credit or letter of guarantee (each in a form acceptable to the Lender) issued at the request and for the account of the Borrower pursuant to this Agreement.

**“Letter of Credit Advance”** means an Advance of credit under this Agreement by the issuance of a Letter of Credit by the Lender at the request of the Borrower.

**“LIBO Rate”** means, with respect to any LIBOR Advance for any LIBOR Interest Period, for each LIBOR Interest Period, the offered rate per annum determined in good faith by the Lender at approximately 11:00 a.m. (London, England time) two (2) Banking Days prior to the first day in such LIBOR Interest Period by reference to the rate set by ICE Benchmark Administration for deposits in U.S. Dollars (as set forth by any service selected by the Lender that has been nominated by ICE Benchmark Administration Limited as an authorized information vendor for the purposes of displaying such rates) for a period equal to such LIBOR Interest Period. The LIBO Rate shall at no time be less than 0%.

**“LIBOR Advance”** means an Advance in U.S. Dollars which bears interest at a rate based on the LIBO Rate.

**“LIBOR Interest Period”** means, with respect to each LIBOR Advance, the period selected by the Borrower hereunder, being of 1, 2 or 3 months' duration, subject to availability, commencing on the applicable date of Advance, or the applicable date of the Rollover or Conversion of such Advance, as the case may be.

**“Lien”** means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.

**“Loan Documents”** means this Agreement and any other instruments or agreements entered into by the Lender and any one or more of the Transaction Parties relating to this Agreement, including the Security.

**“Material Adverse Effect”** means any matter, event or circumstance which could in the sole reasonable opinion of the Lender have a material adverse effect on:

- (a) the business, financial condition, operations, property, assets or undertaking of the Credit Parties, taken as a whole;
- (b) the ability of any Transaction Party to perform its material obligations under any Material Contract;
- (c) the ability of the Credit Parties, taken as a whole, to repay any of their Obligations in accordance with this Agreement or any other Loan Document as they become due;
- (d) the ability of Fulcrum to repay any of its Obligations in accordance with any Loan Document to which it is a party;
- (e) the validity or enforceability of any of the Loan Documents;

- (f) the rights and remedies of the Lender under any of the Loan Documents; or
- (g) the priority ranking of any Liens granted to the Lender pursuant to the Security.

**“Material Contracts”** means the Asset Purchase Agreement and the Agency and Trust Agreement, together with all contracts made between any Credit Party and any third parties from time to time which, if terminated, could, in the opinion of the Lender, result in a Material Adverse Effect.

**“Moody’s”** means Moody’s Investor Services, Inc. and its successors.

**“Obligations”** means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Transaction Parties, or any of them, to the Lender under, pursuant or relating to this Agreement and any other Loan Document and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including, without limitation, all Outstanding Principal, accrued and unpaid interest, fees, indemnities and all legal and other costs, charges and expenses of or incurred by the Lender in connection with this Agreement and any other Loan Document.

**“Outstanding Principal”** means at any time, as applicable, the aggregate of (i) the Equivalent Amount in Canadian Dollars of the principal amounts, and all overdue and unpaid interest, outstanding in respect of Prime Advances, USBR Advances and LIBOR Advances; (ii) face amounts of all outstanding Banker’s Acceptances; and (iii) the undrawn amounts of all outstanding Letters of Credit.

**“Permitted Accounts”** means any and all deposit bank accounts held with any Person who is not the Lender for the benefit of a Credit Party, the details of which have been provided to the Lender and which (a) are specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Credit Party’s salaried employees; and have been effectively secured by the Lender in a first ranking secured position by way of the entering into of all applicable security and related account control agreements required by the Lender and its counsel.

**“Permitted Debt”** means, without duplication:

- (a) trade payables of a Credit Party (other than Debt for borrowed money from a Person, other than the Lender or another Credit Party) incurred in the ordinary course of business;
- (b) Obligations of a Credit Party under the Credit Facilities or any of the other Loan Documents;
- (c) Debt between any of the Credit Parties;
- (d) any other Debt of a Credit Party secured by Purchase Money Liens or incurred in connection with Capital Leases provided that all such Debt at no time exceeds \$1,000,000, in aggregate;
- (e) Debt secured by a Permitted Encumbrance, which is not otherwise Permitted Debt;
- (f) unsecured Debt incurred by a Credit Party to a third party, which is not otherwise Permitted Debt, not to exceed in aggregate \$1,000,000; and
- (g) such other Debt as the Lender has agreed to in writing from time to time.

**“Permitted Dispositions”** means:

- (a) sales or dispositions in the ordinary course of business and in accordance with sound industry practice of tangible personal property that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;
- (b) sales or dispositions of property and assets and related tangibles made in the ordinary course of business for fair market value to third parties not to exceed \$250,000 in any Fiscal Year; and
- (c) sales or dispositions of property and assets and related tangibles between any of the Credit Parties, provided, that, no such Dispositions shall be made under circumstances where a Default has occurred and is continuing (or would result in a Default occurring) without the prior written consent of the Lender.

**“Permitted Distribution”** means any Distribution provided, that, no Distribution shall be made under circumstances where a Default has occurred and is continuing (or would result in a Default occurring) without the prior written consent of the Lender.

**“Permitted Encumbrances”** means, as at any particular time, any of the following encumbrances on the property of the Credit Parties:

- (a) Liens for Taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the applicable Credit Party is contesting in good faith and in respect of which (i) an amount in cash sufficient to pay such Taxes, assessments, charges or other statutory Liens or security interests shall have been deposited with a court, a taxing or assessing authority or the Lender, or (ii) a surety bond, satisfactory to the Lender, for such amount shall have been deposited with the Lender;
- (b) Inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of construction, maintenance, repair or operation of assets of the Credit Party, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets of the Credit Party (excepting out garagemen's liens to the extent such Liens are not due or delinquent), and in respect of which adequate holdbacks are being maintained as required by Applicable Laws or such Liens are being contested in good faith by appropriate proceedings and in respect of which there has been set aside a reserve (segregated to the extent required by Applicable Accounting Standards) in an adequate amount and provided further that such Liens do not, in the Lender's opinion reduce the value of the assets of the Credit Party or materially interfere with the use of such assets in the operation of the business of the Credit Party;
- (c) Liens consisting of deposits or pledges made in the ordinary course of business in connection with or to secure payment of, obligations under workers' compensation, unemployment insurance and other types of social security or similar legislation, or to secure the performance of bids, trade contracts and leases, statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business, in each case, so long as no foreclosure sale or similar proceeding has been commenced with respect to any portion of the assets on account thereof provided that such Liens do not materially reduce the value of the assets of the Credit Party or materially interfere with the use of such assets in the operation of the business of the Credit Party;
- (d) Liens constituting encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property provided that such Liens do not materially reduce the value of the assets of the Credit Party or materially interfere with the use of such assets in the operation of the business of the Credit Party;
- (e) Minor title defects with respect to any real property or Capital Leases of the Credit Parties provided that such Liens do not materially reduce the value of the assets of the Credit Party or materially interfere with the use of such assets in the operation of the business of the Credit Party;
- (f) Liens in favour of the Lender created by the Security;
- (g) Purchase Money Liens and Capital Leases permitted by this Agreement;
- (h) Liens in favour of Fulcrum which secure (i) a guarantee fee payable to Fulcrum, and (ii) an indemnity to Fulcrum from the Credit Parties for any payment made by Fulcrum to the Lender under its guarantee which forms part of the Security, provided that such Liens are subject to a subordination and standstill agreement in form and substance satisfactory to the Lender in its sole discretion; and
- (i) Any other Liens specifically consented to in writing by the Lender from time to time.

**“Person”** or **“person”** means any individual, sole proprietorship, corporation, company, partnership, unincorporated association, association, institution, entity, party, trust, joint venture, estate or other judicial entity or any Administrative Body.

**“Previous Loan Agreement”** means the third amended and restated loan agreement dated May 29, 2018 between the Borrower and the Lender, as amended by a first amending agreement dated June 3, 2019, a second amending agreement dated October 2, 2019 and a third amending agreement dated January 7, 2020.

**“Prime Advance”** means an Advance in Canadian Dollars (including all amounts advanced to the Borrower by way of overdraft, as applicable) bearing interest based on the Prime Rate.

**“Prime Rate”** means, for any day with respect to the calculation of any Prime Advance, the greater of:

- (a) the floating annual rate of interest announced from time to time by the Lender as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada; and
- (b) a rate of interest per 365 day period equal to the CDOR Rate for one month Canadian Dollar banker’s acceptances plus 100 bps.

**“Priority Claims”** means any Lien, claim, charge, security interest, trust claim, right or encumbrance of any Administrative Body or other party including, without limitation, contractors or subcontractors of a Credit Party (whether arising under any statute, law, contract or otherwise) having priority over, or ranking *pari passu* with, the Security Documents and the Liens of the Lender in any property of a Credit Party.

**“Purchase Money Lien”** means a Lien, whether given to a vendor, lender or any other Person, securing Debt assumed or incurred as, or to provide, all or part of the purchase price or other acquisition cost of property, which Lien is limited exclusively to such property and any proceeds thereof and any extension, renewal, refinancing or replacement thereof.

**“Repayment/Cancellation Notice”** means the form of notice set forth in Schedule “D” attached hereto with the blanks completed.

**“Rollover”** means (i) in relation to a LIBOR Advance, the continuation of all or any portion of such LIBOR Advance for an additional LIBOR Interest Period subsequent to the initial or any subsequent LIBOR Interest Period applicable thereto, (ii) in relation to a BA Advance, a rollover of a BA Advance into another BA Advance for an additional BA Interest Period subsequent to the initial or any subsequent BA Interest Period applicable thereto, and (iii) in relation to a Letter of Credit, a rollover of a Letter of Credit Advance into another Letter of Credit Advance upon its maturity date or as permitted hereunder, and in each case by way of the issuance of a Borrowing Notice by the Borrower to the Lender, and **“Rolled Over”** has a corresponding meaning.

**“S&P”** means the Standard & Poor’s Rating Group (a division of The McGraw Hill Companies, Inc.) and its successors.

**“Security”** means each of the documents listed under the heading “Security” in this Agreement.

**“subsidiary”** means any Person of which more than 50% of the outstanding Voting Securities are owned, directly or indirectly by or for another Person, provided that the ownership of such securities confers the right to elect at least a majority of the board of directors of such Person, or a majority of Persons serving similar roles, and includes any legal entity in like relationship to a subsidiary.

**“Swap”** means any hedging contract, forward contract, swap agreement, futures contract, or other foreign exchange protection agreement or option with respect to any such transaction, in each case designed to hedge against fluctuations in foreign exchange rates, any contract for a rate swap, rate cap, rate floor, rate collar, forward rate agreement, futures or other rate protection agreement or option with respect to any such transaction, designed to hedge against fluctuations in interest rates, any contract for a commodity swap or

other production agreement or option designed to protect against fluctuations in commodity prices (which, for greater certainty, includes both physically and financially settled hedges) and any other derivative agreement or other similar agreement or arrangements.

**"Taxes"** means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any Administrative Body of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any instalments in respect thereof.

**"TEI"** has the meaning given to it on the first page of this Agreement.

**"Trailing Fiscal Quarters"** means the most recently completed consecutive four (4) Fiscal Quarters.

**"Transaction Parties"** and **"Transaction Party"** has the meaning given to it on the first page of this Agreement.

**"U.S. Base Rate"** means, on any day with respect to the calculation of any USBR Advance, the greatest of:

- (a) the floating annual rate of interest established from time to time by the Lender as the reference rate it uses to determine rates of interest on U.S. Dollar loans to its commercial customers in Canada or the United States of America and designated as its "U.S. Dollar Base Rate";
- (b) a rate of interest per 365 or 366 day period, as applicable, equal to the Federal Funds Rate plus 100 bps; and
- (c) the LIBO Rate for a LIBOR Interest Period of one (1) month plus 100 bps.

**"U.S. Dollars"** and **"U.S. \$"** mean lawful money of the United States of America.

**"USBR Advance"** means an Advance in U.S. Dollars bearing interest based on the U.S. Base Rate.

**"Vendor"** means Tradesmen Enterprises G.P. Inc., an Alberta corporation, and its successors.

**"Voting Securities"** means securities of capital stock of any class of any corporation, partnership units in the case of a partnership, trust units in the case of a trust, or other evidence of ownership serving similar purposes, carrying voting rights under all circumstances, provided that, for the purposes of this definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Securities, whether or not such event shall have occurred, nor shall any securities be deemed to cease to be Voting Securities solely by reason of a right to vote accruing to securities of another class or classes by reason of the happening of such event.

**"Working Capital Ratio"** means, for the applicable period, the ratio of Current Assets to Current Liabilities excluding the current portion of long term debt or Capital Leases.

[END OF SCHEDULE]

**SCHEDULE "B"**  
**Form of Compliance Certificate**

**COMPLIANCE CERTIFICATE**

TO: **Bank of Montreal**

RE: Fourth Amended and Restated Loan Agreement dated July 6, 2020 between Tradesmen Enterprises Limited Partnership, as borrower, and Bank of Montreal, as lender (as may be further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**")

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The undersigned, being a duly authorized officer of the general partner of the Borrower, hereby certifies to the Lender in his/her capacity as an officer of the general partner of the Borrower and not in any personal capacity, the following:

1. Capitalized terms used herein shall have the same meanings as in the Loan Agreement.
2. This Compliance Certificate is delivered pursuant to the Loan Agreement and applies to the **[month/4 month period/Fiscal Quarter/Fiscal Year]** ending \_\_\_\_\_, 20\_\_\_\_ (the "**Calculation Date**").
3. As of the Calculation Date, the Financial Covenants and Financial Reporting Covenants required to be reported on are as follows:
  - (a) Fixed Charge Coverage Ratio: \_\_\_\_\_:1.0.
  - (b) Working Capital Ratio: \_\_\_\_\_:1.0.
  - (c) Funded Debt / EBITDA: \_\_\_\_\_:1.0.

Detailed calculations for each of the above covenants are set forth in Exhibit 1 attached hereto.

4. As of the Calculation Date, the aggregate capital expenditures in 20\_\_\_\_ are \_\_\_\_\_, detailed calculations of which are set forth in Exhibit 1 attached hereto.
5. The consolidated financial statements of the Borrower as of the most recent date delivered pursuant to the Loan Agreement:
  - (a) fairly present in all material respects the consolidated financial condition of the Credit Parties as at the date thereof and the results of their operations for the period covered thereby; and
  - (b) have been prepared in accordance with ASPE.
6. The representations and warranties made by the Borrower in the Agreement are true and accurate in all respects as of the date hereof except as has heretofore been notified in writing to the Lender by the Borrower.



7. As of the date hereof no Default has occurred and is continuing **[other than \_\_\_\_\_]**.

Dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**TRADESMEN ENTERPRISES LIMITED  
PARTNERSHIP, by its general partner,  
TRADESMEN ENTERPRISES INC.**

Per: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT 1**  
**DETAILED CALCULATIONS OF FINANCIAL COVENANTS**  
**AND FINANCIAL REPORTING COVENANTS**

**SCHEDULE "C"**

**BORROWING NOTICE**

TO: Bank of Montreal  
Corporate Finance  
First Canadian Centre  
9th Floor, 350 – 7th Avenue SW  
Calgary, Alberta T2P 3N9

Attention: Director, Corporate Finance Division  
Facsimile: (403) 234-1688

**RE: Bank of Montreal financing to Tradesmen Enterprises Limited Partnership**

Ladies and Gentlemen:

1. Reference is made to the fourth amended and restated loan agreement dated July 6, 2020 between Tradesmen Enterprises Limited Partnership, as borrower (the "**Borrower**") and Bank of Montreal, as lender, (as may be further amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as are ascribed thereto in the Loan Agreement.
  
2. In accordance with the Loan Agreement, the Borrower hereby requests the following:
  - (a) Type of Activity: (Advance/Conversion/Rollover): \_\_\_\_\_
  - (b) Date of Advance/Conversion Date/Rollover Date: \_\_\_\_\_
  - (c) Total Amount of Advance/Conversion/Rollover: \_\_\_\_\_
  - (d) Identity of Facility: \_\_\_\_\_
  - (e) Type of Advance: \_\_\_\_\_
  - (f) maturity date (if applicable): \_\_\_\_\_
  - (g) Account(s) to be credited: \_\_\_\_\_
  - (h) Special Instructions (if any): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
3. The representations and warranties set forth in the Loan Agreement are true and correct in all material respects on the date hereof.
  
4. The Borrower has performed or observed or caused to be performed or observed the covenants set forth in the Loan Agreement to be performed or observed by it to the date hereof.

5. There has not occurred any unremedied Default, nor has any Material Adverse Effect occurred and remain unremedied, and after giving effect to the Advance requested hereby, no Default shall occur because of such Advance.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**TRADESMEN ENTERPRISES LIMITED PARTNERSHIP**  
**By its general partner, Tradesmen Enterprises Inc.**

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE "D"**

**REPAYMENT/CANCELLATION NOTICE**

TO: Bank of Montreal  
Corporate Finance  
First Canadian Centre  
9th Floor, 350 – 7th Avenue SW  
Calgary, Alberta T2P 3N9

Attention: Director, Corporate Finance Division  
Facsimile: (403) 234-1688

**RE: Bank of Montreal financing to Tradesmen Enterprises Limited Partnership**

Ladies and Gentlemen:

1. Reference is made to the fourth amended and restated loan agreement dated July 6, 2020 between Tradesmen Enterprises Limited Partnership, as borrower (the "**Borrower**") and Bank of Montreal, as lender, (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as are ascribed thereto in the Loan Agreement.
  
2. Pursuant to the Loan Agreement, the Borrower hereby requests the following repayment/cancellation:
  - (a) Date of Repayment/Cancellation: \_\_\_\_\_
  - (b) Applicable Credit Facility:  
To Facility 1: \_\_\_\_\_
  - (c) Type of Advance(s) being repaid: \_\_\_\_\_
  - (d) Is this a permanent cancellation?  
(Yes/No) \_\_\_\_\_
  - (e) Special Instructions (if any):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

**TRADESMEN ENTERPRISES LIMITED PARTNERSHIP**  
**By its general partner, Tradesmen Enterprises Inc.**

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "E"**

**FULCRUM CERTIFICATE**

TO: Bank of Montreal  
Corporate Finance  
First Canadian Centre  
9th Floor, 350 – 7th Avenue SW  
Calgary, Alberta T2P 3N9

Attention: Director, Corporate Finance Division  
Facsimile: (403) 234-1688

**RE: Bank of Montreal financing to Tradesmen Enterprises Limited Partnership**

Ladies and Gentlemen:

1. Reference is made to the fourth amended and restated loan agreement dated July 6, 2020 between Tradesmen Enterprises Limited Partnership, as borrower (the "**Borrower**") and Bank of Montreal, as lender, (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as are ascribed thereto in the Loan Agreement.
  
2. I, \_\_\_\_\_, do hereby certify in my capacity as an authorized officer of Fulcrum Capital Partners Inc., in its capacity as general partner (the "**General Partner**") of each of PEF 2010 (A) Limited Partnership, PEF 2010 (B) Limited Partnership and PEF 2010 (C) Limited Partnership, and not in any personal capacity, that:
  - (a) I am the \_\_\_\_\_ of the General Partner and, as such, have knowledge of the matters hereinafter certified to. I am familiar with the corporate and financial records of Fulcrum and the General Partner and am authorized to execute and deliver this Certificate for and on behalf of Fulcrum and the General Partner.
  
  - (b) As at \_\_\_\_\_ [*insert applicable Fiscal Year*], Fulcrum maintains and has access within ten (10) Business Days to at least the maximum amount it is liable for under the Fulcrum Guarantee (which represents committed, unencumbered and uncalled capital for the purpose of satisfying its obligations under the Loan Documents to which it is party, when required).
  
  - (c) The undersigned acknowledges that the Lender is relying upon the accuracy of this certificate in making loans and advances available to the Borrower under the Loan Agreement.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

By: \_\_\_\_\_  
Name:  
Title:

THIS IS **EXHIBIT "C"** REFERRED TO IN  
THE AFFIDAVIT OF DEAN KATO  
SWORN BEFORE ME THIS 1<sup>st</sup> DAY  
OF FEBRUARY, 2021



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A Commissioner for Oaths  
In and for the Province of Alberta

Alexis Teasdale  
Barrister and Solicitor

## INTERIM FINANCING TERM SHEET

Dated as of February 1, 2021

**WHEREAS** the Borrower and the Guarantor (each as defined below) have filed Notices of Intention to Make a Proposal (the “**NOI Proceedings**”) with the Office of the Superintendent of Bankruptcy Canada on February 1, 2021 seeking creditor protection for the purposes of making a proposal to their creditors (the “**Proposal**”) pursuant to Part III Division I of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), and intend on making an application (the “**Application**”) to the Alberta Court of Queen's Bench (the “**Court**”) for the Interim Lender Order (as defined below);

**AND WHEREAS** pursuant to subsection 69(1) of the BIA, all proceedings against the Borrower and the Guarantor are stayed for a period of thirty (30) days as a result of the NOI Proceedings;

**AND WHEREAS** the Borrower has requested that Bank of Montreal (the “**Interim Lender**”) provide it with loans in order to, among other things, fund certain of the Borrower's obligations during the pendency of the NOI Proceedings;

**AND WHEREAS** the Interim Lender has agreed to provide the requested loans in accordance with the terms set out herein.

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. **Borrower:** Tradesmen Enterprises Limited Partnership, by its general partner, Tradesmen Enterprises Inc. (the “**Borrower**”).
2. **Guarantor:** Tradesmen Enterprises Inc. (in its own capacity, the “**Guarantor**”).
3. **Credit Parties:** The Borrower and the Guarantor are collectively referred to as the “**Credit Parties**” and individually, a “**Credit Party**”.
4. **Interim Lender:** Bank of Montreal.
5. **Defined Terms:** Capitalized terms used in this Interim Financing Term Sheet and not defined herein have the meanings set forth in Schedule “A” attached hereto or otherwise defined herein. Unless otherwise noted herein, all references herein to “dollars” or to “\$” means Canadian dollars.
6. **Purpose:** To provide for the short-term liquidity needs of the Borrower pursuant to the Cash Flow Forecast while the Borrower is under BIA protection pursuant to the NOI Proceedings.
7. **Interim Facility and Maximum Amount:** A senior secured super priority, interim, revolving credit facility (the “**Interim Facility**”) up to a maximum principal amount of \$1,900,000 as such amount may be amended from time to time pursuant to Section 16 below (the “**Maximum Amount**”).
8. **Availability and Advances under Interim Facility:** Subject to the terms and conditions contained herein including, without limitation the satisfaction of the Conditions Precedent set out below, the Interim Facility shall be made available to the Borrower by



way of a single or multiple advances in Canadian dollars (each being an “**Advance**”). Any principal amount that is repaid may be re-borrowed.

For each Advance, other than the initial Advance, the Interim Lender shall have received from the Borrower a completed advance request, substantially in the form attached hereto as Schedule “C” (each an “**Advance Request**”), which shall be executed by an officer of the Borrower and be in form and substance acceptable to the Interim Lender. The Interim Lender shall, within two (2) Business Days’ of receipt thereof advise the Borrower of its satisfaction or non-satisfaction of the Funding Conditions, as determined by the Interim Lender in its sole discretion. Each Advance shall be made by the Interim Lender within one (1) Business Day of notifying the Borrower of the satisfaction of the Funding Conditions or waiver thereof. All Advances shall be funded to the Borrower’s main deposit account held with the Interim Lender, or to such other account as the Borrower and the Interim Lender may agree to in writing from time to time.

**9. Interest Rate and Default Interest:**

Advances under the Interim Facility shall bear interest at a rate equal to 12% per annum. Interest shall accrue daily on the aggregate outstanding principal advanced under the Interim Facility and shall be calculated and payable in cash in arrears on the first Business Day of each month.

All interest and fees will be calculated on the basis of a 365 day year and actual days lapsed, up to and including the date of actual payment from the funding date or the due date, as applicable; provided that whenever a rate of interest or fee hereunder is calculated on the basis of a year (the “**deemed year**”) that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee shall be expressed as a yearly rate by multiplying such rate of interest or fee by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year. The principle of deemed reinvestment of interest does not apply to any interest calculation in any Interim Financing Credit Documentation, and the rates of interest stipulated in any Interim Financing Credit Documentation are intended to be nominal rates and not effective rates or yields.

Any amounts which are not paid when due and payable by the Borrower hereunder, or in respect of any Interim Financing Credit Documentation, shall accrue interest (after as well as before maturity, default and judgment) on a daily basis up to and including the date of actual payment from (but excluding) the due date, at a rate equal to 16% per annum, payable on demand by the Interim Lender.

**10. Closing Fee:**

A closing fee in the amount of \$65,000 (the “**Closing Fee**”) is to be paid by the Borrower to the Interim Lender from the proceeds of the

initial Advance on the date of the initial Advance of the Interim Facility.

**11. Use of Proceeds:**

The Borrower is authorized to use Advances (i) for working capital, and other general corporate purposes of the Borrower including payroll and other priority payables approved by the Interim Lender in its sole discretion; (ii) to pay fees and expenses associated with the Interim Facility (including, without limitation, the fees of the Proposal Trustee, and legal fees of the counsel to the Borrower and the Proposal Trustee); (iii) to fund the payment of the Interim Financing Fees and Expenses; and (iv) to make payments necessary to comply with or as contemplated under the Interim Lender Order, in each case of the foregoing paragraphs (i) to (iii), consistent with (and as provided for) in the Cash Flow Forecast in all material respects; provided that no proceeds from the Interim Facility or the Collateral shall be used other than in accordance with this Interim Financing Term Sheet unless otherwise agreed in writing by the Interim Lender. For greater clarification, no Advances shall be used to pay any Excluded Amounts.

**12. Conditions Precedent To Effectiveness:**

The effectiveness of this Interim Financing Term Sheet is subject to the satisfaction of the following conditions precedent unless waived in writing by the Interim Lender in its sole discretion (collectively, the “**Conditions Precedent**”):

- (a) The Court shall have issued an order (the “**Interim Lender Order**”) satisfactory to the Interim Lender in its sole discretion, approving this Interim Financing Term Sheet and the Interim Facility and granting the Interim Lender a charge (the “**Interim Lender Charge**”) on the Collateral of the Credit Parties, securing all obligations owing by the Credit Parties to the Interim Lender hereunder or under any other related agreement, including, without limitation, all principal, interest and the Closing Fee associated with the Interim Facility along with all other Interim Financing Fees and Expenses (collectively, the “**Interim Financing Obligations**”); the Interim Lender Order shall provide that the Interim Lender Charge shall have priority over all Liens, except for the Administration Charge; and the Interim Lender Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Interim Lender in a material manner, without the consent of the Interim Lender;
- (b) The Interim Lender shall be satisfied that (i) the entering into of this Interim Financing Term Sheet and the other Interim Financing Credit Documentation, the granting of the Interim Lender Charge and the consummation of the transactions contemplated hereby have been approved by the Borrower, the Guarantor and any other interested party relevant to the Interim

Lender, and (ii) service of the Application has been effected on all required parties acceptable to the Interim Lender;

- (c) The Interim Financing Credit Documentation shall be satisfactory to the Interim Lender, acting reasonably, and shall have been executed by the Credit Parties;
- (d) The Interim Lender shall have received and been satisfied with the initial Cash Flow Forecast in accordance with the terms of this Interim Financing Term Sheet;
- (e) The Interim Lender shall have received and been satisfied with the initial Business Update from the Borrower in accordance with the terms of this Interim Financing Term Sheet;
- (f) The Interim Lender shall have received an executed copy of a consent receivership order from the Credit Parties (the “**Consent Receivership Order**”), in form and substance satisfactory to the Interim Lender;
- (g) Since the date of this Interim Financing Term Sheet, there shall not have been any material damage, destruction or Material Adverse Change to any of the Collateral, nor any material depreciation in the value thereof, and the Credit Parties’ operations shall be in material compliance with all applicable environmental, labor, health and safety and other applicable laws and regulations governing the Credit Parties and their business operations;
- (h) All of the representations and warranties of the Credit Parties as set forth herein and in any other Interim Financing Credit Documentation are true and accurate in all material respects; and
- (i) There are no Liens ranking in priority to the Interim Lender Charge, except the Administration Charge.

**13. Conditions Precedent To Advances:**

The Interim Lender's obligation to make Advances to the Borrower under this Interim Financing Term Sheet is subject to the satisfaction of the following conditions precedent unless waived in writing by the Interim Lender in its sole discretion (collectively, the “**Funding Conditions**”):

- (a) This Interim Financing Term Sheet shall have become effective and all conditions precedent set out in Section 12 above shall have been fulfilled;
- (b) The Interim Lender shall have received full cash payment of the Closing Fee;

- (c) The Interim Lender shall have received from the Borrower a completed Advance Request and advised the Borrower of its satisfaction of the Funding Conditions;
- (d) The Interim Lender shall, acting reasonably, be satisfied that the Credit Parties have complied with and are continuing to comply in all material respects with all applicable laws, regulations and policies in relation to their business other than (i) as may be permitted under the orders of the Court made in the NOI Proceedings applicable to the Credit Parties (collectively, the “**Restructuring Court Orders**” and each a “**Restructuring Court Order**”) or (ii) if any enforcement in respect of non-compliance is stayed by a Restructuring Court Order, provided the issuance of such Restructuring Court Order (in each case) does not result in the occurrence of an Event of Default;
- (e) The requested Advance shall not, if advanced to the Borrower, cause the aggregate amount of all outstanding Advances to exceed the Maximum Amount or be greater than the total Advances projected to be required in the Cash Flow Forecast, unless otherwise specifically approved by the Interim Lender;
- (f) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or will be paid from the proceeds of the requested Advance within such period of time set forth in the Cash Flow Forecast or as is otherwise acceptable to the Interim Lender in its sole discretion;
- (g) All of the representations and warranties of the Credit Parties as set forth herein and in any other Interim Financing Credit Documentation are true and accurate in all material respects;
- (h) No Default or Event of Default has occurred or will occur as a result of the requested Advance;
- (i) The Interim Lender is satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Interim Lender Order;
- (j) Since the date of the Interim Lender Order, there shall not have occurred any payment, prepayment, redemption, purchase or exchange of any pre-filing indebtedness or equity, or amendment or modification of any of the terms thereof, except as otherwise permitted by the terms of the Interim Lender Order or provided for hereunder and the aggregate amount of all such pre-filing amounts does not exceed the amounts set out therefor in the Cash Flow Forecast;
- (k) The Interim Lender is satisfied, in its sole discretion, with the process and conduct of any applicable Sale Process;

- (l) The Interim Lender shall have a valid and perfected super priority Lien on the Collateral pursuant to the Interim Lender Order and, there are no Liens ranking in priority to the Interim Lender Charge, except the Administration Charge; and
- (m) The Interim Lender Order shall be in full force and effect and shall not have been reversed, modified, amended or stayed in a manner adverse to the interests of the Interim Lender.

Notwithstanding any other provision herein (including within this Section) or in any other Interim Financing Credit Documentation, the Interim Lender is under no obligation to make Advances to the Borrower in an aggregate amount exceeding the Maximum Amount.

**14. Repayment:**

The Interim Facility shall be cancelled and immediately repayable in full (including all accrued and unpaid interest thereon and all fees, costs and other amounts due and payable in connection therewith) on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured to the satisfaction of the Interim Lender; (ii) the implementation of the Proposal, which has been approved by the requisite majorities of the Borrower's creditors, including by the Interim Lender, and the Court; (iii) the conversion of the NOI Proceedings into a proceeding under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"), unless agreed to by the Interim Lender; (iv) the conversion of the NOI Proceedings into a receivership under the BIA; (v) the sale of all or substantially all of the Collateral; and (vi) 30 days from the commencement of the NOI Proceedings (the earliest of such dates being the "**Maturity Date**"), unless such date is extended by the Interim Lender.

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Credit Parties or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Proposal shall not discharge or otherwise affect in any way any of the obligations of the Credit Parties to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date the Proposal is implemented.

**15. Prepayment:**

Upon five (5) days prior written notice to the Interim Lender, the Borrower may prepay any amounts outstanding under the Interim Facility at any time prior to the Maturity Date, without any prepayment fee or penalty. In no event shall the Interim Lender be obligated to accept any amount that would be contrary to any applicable law respecting interest to be charged. If the minimum interest is determined to be in excess of the maximum amount permitted by

applicable law, then the minimum interest shall be reduced to the maximum amount that would be permitted by applicable law.

The Borrower may borrow, repay and re-borrow Advances, subject to the terms and conditions herein. Any amount repaid or prepaid under the Interim Facility (including pursuant to Section 16 below) shall be applied against amounts outstanding hereunder and in connection herewith by the Interim Lender in its sole and absolute discretion.

- 16. Mandatory Repayments:** Unless otherwise consented to in writing by the Interim Lender, Advances to the Borrower shall be forthwith repaid and the Maximum Amount shall be permanently reduced: (i) upon receipt by a Credit Party (or any of its advisors or agents on its behalf) of surplus cash not required to fund disbursements and expenditures set forth in the Cash Flow Forecast; (ii) upon a sale of any of the Collateral out of the ordinary course of business, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable costs and closing adjustments acceptable to the Interim Lender in its sole discretion); (iii) upon receipt by a Credit Party (or any of its advisors or agents on its behalf) of insurance proceeds with respect to the Collateral owned by it; (iv) upon receipt by a Credit Party (or any of its advisors or agents on its behalf) of a refund or payment on account of Taxes from any Governmental Entity, excluding refunds or payments on account of sales taxes; and (v) upon receipt by a Credit Party (or any of its advisors or agents on its behalf) of any amounts payable by Teck Coal Limited., Fluor Canada Ltd. or any of their respective affiliates.
- 17. Evidence of Indebtedness:** The Interim Lender's accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.
- 18. Costs and Expenses:** The Credit Parties shall pay on demand all of the Interim Lender's legal fees on a full indemnity basis, out-of-pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the other Interim Financing Credit Documentation and the NOI Proceedings (collectively, the "**Interim Financing Fees and Expenses**").
- 19. Documentation and Interim Facility Security:** The Interim Financing Obligations shall be secured by
- (a) the Interim Lender Charge; and
  - (b) such other documents and agreements as the Interim Lender may reasonably request, including those documents required in order to register or otherwise perfect the security interests comprising the Interim Lender Charge;
- ((a) and (b) collectively, the "**Interim Financing Security**").

The Interim Financing Security shall be in priority to all Liens, except the Administration Charge, pursuant to the terms of the Interim Lender Order. Notwithstanding the foregoing and subject to the concluding sentence of this paragraph, no proceeds of any Advance may be used to (a) investigate, object to or challenge in any way any claims of the Interim Lender against any Credit Party in respect of the Interim Facility, or (b) investigate, object to or challenge in any way the validity or enforceability of the Liens created under the Interim Financing Security.

The Interim Financing Security and charges created hereby and in the Interim Lender Order shall be deemed to be valid and perfected by the granting of the Interim Lender Order. The Interim Lender shall not be required to file any financing statement, mortgage or similar instrument or take any other action to validate or perfect the security interests and charges granted hereunder and in the Interim Lender Order, however the Interim Lender may register the Interim Financing Security (and/or any notice, certificate, instrument or other agreement associated therewith) in jurisdictions and at registries or public offices as the Interim Lender may determine necessary or beneficial to protect its interests under the Interim Financing Security.

**20. Permitted Liens and Priority:**

All Collateral will be free and clear of all other Liens, except for Permitted Liens.

**21. Cash Flow Forecast:**

Attached hereto as Schedule "B" is the initial Cash Flow Forecast, which is in form and substance satisfactory to the Interim Lender.

Following the granting of the Interim Lender Order, the Borrower shall, once every seven (7) days and not later than 12:00 noon Mountain Standard Time on each Wednesday of each week following the granting of the Initial Lender Order and the delivery of the initial Cash Flow Forecast to the Interim Lender, provide the Interim Lender with an updated Cash Flow Forecast and such other related information as may be requested by the Interim Lender from time to time, in form and substance satisfactory to and approved by the Interim Lender, together with (i) a comparison of the previous week's forecast to actual cash receipts and expenditures for each line item in the Cash Flow Forecast (i.e. a week in arrears), and (ii) an explanation of the differences.

The Borrower shall use commercially reasonable efforts, if requested by the Interim Lender, to cause its non-legal advisors to participate in weekly conference calls with the Interim Lender and its advisors, agents and employees to discuss any Cash Flow Forecast along with the Borrower's current and projected operational performance and related financial matters.

**22. Proposal Trustee:**

The proposal trustee in the NOI Proceedings is KSV Restructuring Inc. (in such capacity, the "**Proposal Trustee**"). The Proposal Trustee shall be authorized to have direct discussions with the Interim Lender

and its professional advisors, and the Interim Lender and its professional advisors shall be entitled to receive information from the Proposal Trustee as may be requested by the Interim Lender from time to time.

**23. Representations and Warranties:**

The Borrower represents and warrants to the Interim Lender, upon which the Interim Lender relies in entering into this Interim Financing Term Sheet and the other Interim Financing Credit Documentation, as follows:

- (a) The Interim Financing Term Sheet and the other Interim Financing Credit Documentation and the transactions contemplated hereby and thereby:
  - (i) are within the powers of the Credit Parties;
  - (ii) subject to the granting of the Interim Lender Order, have been duly executed and delivered by or on behalf of the Credit Parties, as applicable;
  - (iii) do not conflict with or result in a breach of any of the terms or conditions of the constating documents of the Credit Parties, any applicable law, any contractual restrictions binding on or affecting the Credit Parties or any Credit Party's material properties or any judgement, injunction, determination or award which is binding on any Credit Party;
  - (iv) upon the granting of the Interim Lender Order, constitute legal, valid and binding obligations of the Credit Parties; and
  - (v) other than those already obtained, do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Entity or any third party, other than filings which may be made, but are not required, to register or otherwise record the Interim Lender Charge or the Interim Financing Security.
- (b) The activities of the Credit Parties will be conducted in material compliance with all applicable provincial and federal laws, subject to the provisions of the BIA and any Restructuring Court Order, unless (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Restructuring Court Order.
- (c) The Credit Parties, since the commencement of the NOI Proceedings, have maintained their respective obligations for payroll, source deductions, current normal cost pension liabilities, retail sales tax, goods and services tax and harmonized sales tax, as applicable, and are not in arrears in



respect of payment of any of these obligations, except for source deductions in the amount of \$505,561 (the “**Existing Source Deduction**”), which will be paid during the week of February 12, 2021 in accordance with the Cash Flow Forecast.

- (d) All representations and warranties made by the Credit Parties in all other Interim Financing Credit Documentation are true and accurate in all material respects.
- (e) No Default or Event of Default has occurred and is continuing.
- (f) Each Credit Party is duly formed and validly existing under the laws of its jurisdiction of formation and is qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business.
- (g) The Guarantor is the sole general partner of the Borrower and no amendments have been made to the partnership agreement governing the Borrower without the Interim Lender’s knowledge and prior written consent.

**24. Affirmative Covenants:**

In addition to all of the other covenants and obligations contained herein, the Borrower covenants and agrees to perform, or cause to be performed, and do, or cause to be done, each of the following until the Interim Facility is permanently and indefeasibly repaid in full and terminated:

- (a) allow the Interim Lender or its agents and advisors, on reasonable notice during regular business hours, to enter on and inspect each Credit Party’s assets and properties, and provide the Interim Lender and its agents or advisors, on reasonable notice and during normal business hours, full access to each Credit Party’s books and records and cause management and employees thereof to fully co-operate with the Interim Lender, its agents and advisors;
- (b) provide to the Interim Lender regular updates regarding the status of the NOI Proceedings including, without limitation, reports on the progress of any Proposal, Restructuring Option, any Sale Process and any information, which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender, provided, however, that the Interim Lender shall not be entitled to receive any information in respect of bids or offers received in the Sale Process that encompass property over which the Interim Lender, or any of its affiliates or related parties, or another party in which the Interim Lender holds an interest, has also submitted a bid;
- (c) provide the Interim Lender with draft copies of all motions, applications, proposed orders or other material or documents

that any of them intend to file within the NOI Proceedings as soon as practically possible prior to any such filing;

- (d) use commercially reasonable efforts to keep the Interim Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Credit Parties including, without limitation, any changes to its Business Update;
- (e) deliver to the Interim Lender the updated Cash Flow Forecast as and when set out herein, and such other reporting and other information from time to time reasonably requested by the Interim Lender. Without limiting the foregoing, the Borrower shall use commercially reasonable efforts to deliver to the Interim Lender copies of any financial reporting provided to the Proposal Trustee in a timely manner and forthwith provide to the Interim Lender any reports or commentary received from the Proposal Trustee regarding the financial position of the Credit Parties;
- (f) conduct all activities in a manner consistent with the Cash Flow Forecast;
- (g) use the proceeds of the Interim Facility only for the purposes described in Sections 6 and 11 above, and in a manner consistent and in strict compliance with the restrictions set out herein;
- (h) comply with the provisions of the Restructuring Court Orders; provided that if any Restructuring Court Order contravenes this Interim Financing Term Sheet or any of the Interim Financing Credit Documentation so as to adversely impact the rights or interests of the Interim Lender in a material manner, such contravention shall constitute, and shall be deemed to be, an Event of Default hereunder;
- (i) preserve, renew and keep in full force and effect each Credit Party's respective corporate existence and its respective material licenses, permits and approvals required in respect of its business, properties, assets or any activities or operations carried out therein, unless otherwise agreed to in writing by the Interim Lender;
- (j) use commercially reasonable efforts consistent with the Cash Flow Forecast to (i) maintain the insurance, in existence as at the date hereof with respect to the Collateral owned by the Credit Parties, or (ii) obtain insurance over such Collateral where none exists or has expired, on terms acceptable to the Interim Lender, acting reasonably; and

- (k) forthwith notify the Interim Lender of the occurrence of any Default or Event of Default, or any event that could reasonably be expected to cause a Material Adverse Change.

**25. Negative Covenants:**

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) transfer, lease or otherwise dispose of all or any part of any Credit Party's property, assets or undertaking after the date hereof (excluding dispositions of obsolete assets or dispositions in the ordinary course of business). For greater certainty, in the case of any transfer, lease, sale or other disposition of any Collateral, all proceeds of such transfer, lease, sale or other disposition shall be subject to Section 16;
- (b) make any payment of principal or interest in respect of existing (pre-filing) debt or obligation other than as may be permitted by a Restructuring Court Order that does not result in an Event of Default, and is provided for in the Cash Flow Forecast;
- (c) make any payments not consistent with the Cash Flow Forecast;
- (d) settle any claims involving any Credit Party with a third party, or permit any assignments or transfers of any contracts with third parties;
- (e) make or give any additional financial assurances, in the form of bonds, letters of credit, financial guarantees or otherwise, to any person or Governmental Entity;
- (f) create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which is senior to or *pari passu* with the Interim Lender Charge, except for the Administration Charge;
- (g) change a Credit Party's name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity except as part of a transaction under a Sale Process approved by a Restructuring Court Order, and on terms and conditions satisfactory to the Interim Lender, acting reasonably;
- (h) make any payment in respect of post-employment benefit payments; or
- (i) seek to convert, or permit to convert, the NOI Proceedings to a proceeding under the CCAA or to otherwise at any time seek Court protection for any Credit Party under the CCAA except with the consent of the Interim Lender.

**26. Reporting Covenants:**

The Borrower covenants and agrees to perform, or cause to be performed, and do, or cause to be done, each of the following when required:

- (a) provide the Interim Lender on February 16, 2021 with an update to the initial Business Update, satisfactory to the Interim Lender in form and substance, as determined by the Interim Lender in its sole discretion;
- (b) provide the Interim Lender by no later than February 16, 2021 with evidence of all updated search results associated with any Liens, or potential claims, of any Governmental Entity against any Credit Party that could result in such Liens or claims having priority over the Interim Lender Charge (each being a “**Priority Governmental Claim**”), in each case satisfactory to the Interim Lender in form, substance and amount, as determined by the Interim Lender in its sole discretion; and
- (c) provide the Interim Lender with an updated Cash Flow Forecast hereunder when required by Section 21, in each case satisfactory to the Interim Lender in form and substance, as determined by the Interim Lender in its sole discretion.

**27. Indemnity and Release:**

The Borrower agrees to indemnify and hold harmless the Interim Lender and its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, “**Claims**”) as a result of or arising out of or in any way related to or resulting from the Interim Facility, this Interim Financing Term Sheet or any other Interim Financing Credit Documentation (regardless of whether such Claim is made in the NOI Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrower shall not be obligated to indemnify pursuant to this Section any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or willful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of a Credit Party. The

Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages.

The indemnities granted under this Interim Financing Term Sheet shall survive any termination of the Interim Facility.

**28. Events of Default:**

The occurrence of any one or more of the following events shall constitute an event of default (“**Event of Default**”) under this Interim Financing Term Sheet:

- (a) the failure of the Borrower or any other person to pay any principal amount owing under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation when due;
- (b) the failure of Fulcrum to pay to the Interim Lender the full principal amount demanded by the Interim Lender, representing payment of the principal amount of Fulcrum’s prior guaranteed obligations of the Borrower, on or before February 9, 2021;
- (b) the failure of the Borrower or any other person to pay any interest or fees or any portion thereof owing under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation when due and such default shall remain unremedied for a period of two (2) Business Days after written notice from the Interim Lender that such amount is overdue;
- (c) the issuance of an order of the Court (including any Restructuring Court Order) or any other court of competent jurisdiction without the prior written consent of the Interim Lender thereto:
  - (i) terminating the NOI Proceedings or lifting the stay in the NOI Proceedings to permit (A) the enforcement of any Lien against a Credit Party, or a material portion of its property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, or similar official or the making of a bankruptcy order against a Credit Party; or (C) converting the NOI Proceedings to proceedings under the CCAA;
  - (ii) granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, except for the Administration Charge;
  - (iii) staying, reversing, vacating or otherwise modifying the Interim Lender Order or any Restructuring Court Order in a manner materially adverse to the interests of the Interim Lender; or

- (iv) adversely impacting the rights and interests of the Interim Lender in a material manner;
- (d) the filing of any pleading by or on behalf of any Credit Party seeking any of the matters set forth in clause (c) above or failure of a Credit Party to diligently oppose any party that brings an application or motion for the relief set out in clause (c) above and/or fails to secure the dismissal of such motion or application within fifteen (15) days from the date such application or motion is brought;
- (e) failure of any Credit Party to comply with any positive or negative covenants in this Interim Financing Term Sheet not set forth in subsection (f) immediately below, which default has not been remedied or cured to the reasonable satisfaction of the Interim Lender, in its sole discretion, within five (5) Business Days of the breach first occurring, save and except for Section 25 (i) which shall have no cure period;
- (f) failure of any Credit Party to comply with any reporting covenants when due;
- (g) should the aggregate amount of all Priority Governmental Claims outstanding, except for the Existing Source Deduction, at any time exceed \$100,000;
- (h) (i) a Restructuring Court Order is made, (ii) a liability arises or an event occurs, including any change in the Collateral, business, assets, or conditions (financial or otherwise), of a Credit Party, that will in the Interim Lender's judgment, acting reasonably, materially impair (A) the Interim Lender's ability to recover the amounts owed to it by the Credit Parties, or (B) a Credit Party's financial condition or ability to comply with its obligations under this Interim Financing Term Sheet, any other Interim Financing Credit Documentation, the Interim Lender Order, or any Restructuring Court Order, or carry out a Proposal or Restructuring Option reasonably acceptable to the Interim Lender (in each case, a "**Material Adverse Change**");
- (i) the Cash Flow Forecast or any update thereof contemplates or forecasts an adverse change or changes from the then existing Cash Flow Forecast and such change(s) constitute a Material Adverse Change, or any updated Cash Flow Forecast forecasts that borrowings under the Interim Facility will exceed the Maximum Amount at any time (unless and until the Interim Lender consents to increase the Maximum Amount, which shall be in the Interim Lender's sole and absolute discretion);
- (j) the Business Update or any update thereof contemplates or forecasts an adverse change or changes from the initial Business

Update provided to the Interim Lender hereunder and such change(s) constitute a Material Adverse Change;

- (k) any representation or warranty by a Credit Party or other person herein or in any Interim Financing Credit Documentation shall be incorrect or misleading in any material respect when made;
- (l) Advances under the Interim Facility exceed the Maximum Amount at any time without the prior written consent of the Interim Lender;
- (m) any material violation or breach of any Restructuring Court Order upon receipt by the Borrower of notice from the Interim Lender of such violation or breach;
- (n) an event of default has occurred under any of the Interim Financing Credit Documentation, which default has not been remedied or cured in accordance with the terms thereof;
- (o) any proceeding, motion or application is commenced or filed by a Credit Party, or if commenced by another party, supported or otherwise consented to by a Credit Party, seeking the invalidation, subordination or otherwise challenging of the terms of the Interim Facility, the Interim Lender Charge, this Interim Financing Term Sheet, or any of the other Interim Financing Credit Documentation or, unless the Proposal or Restructuring Option provides for repayment in full of the Interim Facility, the approval of any Proposal or Restructuring Option which does not have the prior written consent of the Interim Lender;
- (p) any Proposal is proposed or any Restructuring Option is consummated by a Credit Party that contravenes any provision of this Interim Financing Term Sheet or other Interim Financing Credit Documentation, unless the Interim Lender has consented thereto;
- (q) if any Credit Party pays or agrees to pay any of the legal, consulting or other professional fees and/or disbursements incurred by the Credit Parties, the Proposal Trustee or any other party in the NOI Proceedings (other than the Interim Lender and its agents and advisors), in excess of the amount set out in the cash flow, without the prior written consent of the Interim Lender;
- (r) failure of the Borrower to perform or comply with any other term or covenant under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation, and such default shall continue unremedied for a period of five (5) Business Days from the breach first occurring;

- (s) if the priority of the Interim Lender Charge set out in the Interim Lender Order is varied without the consent of the Interim Lender; or
- (t) if the Borrower commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender.

**29. Remedies:**

Upon the occurrence of an Event of Default that is continuing, and subject to the Restructuring Court Orders, the Interim Lender may, in its sole discretion, elect to terminate the Interim Lender's commitments to make Advances to the Borrower hereunder and declare the obligations in respect of the Interim Financing Credit Documentation to be immediately due and payable and cease making any further Advances. Without limiting the foregoing remedies, upon the occurrence of an Event of Default that is continuing, the Interim Lender may, in its sole discretion, elect to permanently reduce the Maximum Amount. In addition, upon the occurrence of an Event of Default that is continuing, the Interim Lender may, in its sole discretion, subject to any Restructuring Court Order:

- (a) apply to a court for the appointment of a receiver or a receiver and manager over any of the Collateral;
- (b) set-off or combine any amounts then owing by the Interim Lender to the Credit Parties against the obligations of the Credit Parties to the Interim Lender hereunder;
- (c) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Alberta) or any legislation of similar effect; and
- (d) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the Interim Financing Credit Documentation, the Restructuring Court Orders and applicable law.

**30. Taxes:**

All payments by the Borrower or any other person under this Interim Financing Term Sheet and the other Interim Financing Credit Documentation to the Interim Lender, including any payments required to be made from and after the exercise of any remedies available to the Interim Lender upon an Event of Default that is continuing, shall be made free and clear of and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision or any country (collectively "**Taxes**"); provided, however, that if any Taxes are required by applicable law to be withheld ("**Withholding Taxes**") from any



amount payable to the Interim Lender under any Interim Financing Credit Documentation, the amount so payable to the Interim Lender shall be increased to the extent necessary to yield to the Interim Lender on a net basis after payment of all Withholding Taxes the amount payable under such Interim Financing Credit Documentation at the rate or in the amount specified in such Interim Financing Credit Documentation, and the Borrower shall provide evidence satisfactory to the Interim Lender that the Taxes have been so withheld and remedied.

- 31. Further Assurances:** The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Interim Lender may reasonably request for the purpose of giving effect to this Interim Financing Term Sheet.
- 32. Amendments, Waivers, Etc.:** No amendment of any provision of the Interim Financing Term Sheet shall be effective unless agreed to by the Credit Parties and the Interim Lender, and, in the case of any material amendment, the Proposal Trustee.
- No waiver or delay on the part of the Interim Lender in exercising any right or privilege hereunder or under any other Interim Financing Credit Documentation will operate as a waiver hereof or thereof unless made in writing by the Interim Lender and delivered in accordance with the terms of this Interim Financing Term Sheet or the other applicable Interim Financing Credit Documentation and then such waiver shall be effective only in the specific instance and for the specific purpose given.
- 33. Entire Agreement Conflict:** This Interim Financing Term Sheet, including the schedules hereto and the Interim Financing Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Interim Financing Term Sheet and any of the other Interim Financing Credit Documentation, this Interim Financing Term Sheet shall govern.
- 34. Assignment:** The Interim Lender may assign this Interim Financing Term Sheet and any other Interim Financing Credit Documentation, or its interest in this Interim Financing Term Sheet or any other Interim Financing Credit Documentation, as the case may be, and its rights and obligations hereunder, in whole or in part, or grant a participation in its rights hereunder, at any time to any person without the consent of the Borrower or the Proposal Trustee. Neither this Interim Financing Term Sheet, another Interim Financing Credit Documentation, nor any rights thereunder may be assigned by any Credit Party.
- 35. Severability:** Any provision in this Interim Financing Term Sheet or any other Interim Financing Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be

ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**36. No Third Party Beneficiary:**

No person, other than the Credit Parties and the Interim Lender, is entitled to rely upon this Interim Financing Term Sheet and the parties expressly agree that this Interim Financing Term Sheet does not confer rights upon any party not a signatory hereto.

**37. Counterpart and Facsimile Signatures:**

This Interim Financing Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, including via electronic mail in portable document format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

**38. Notices:**

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the Interim Lender, to:

**Bank of Montreal**

6<sup>th</sup> Floor, 350 - 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3N9

Attention: Director, Special Accounts Management Unit  
Email: [zachary.newman@bmo.com](mailto:zachary.newman@bmo.com)

With a copy to:

**Borden Ladner Gervais LLP**

Centennial Place, East Tower  
1900, 520 – 3<sup>rd</sup> Avenue SW  
Calgary, Alberta T2P 0R3

Attention: Josef G.A. Kruger Q.C.  
Email : [jkruger@blg.com](mailto:jkruger@blg.com)

In the case of the Borrower to:

**Tradesmen Enterprises Limited Partnership**

#730, 440 – 2nd Avenue S.W.  
Calgary, AB T2P 5E9

Attention: Ken Krawiec and Dean Kato  
Email: [ken.krawiec@teigp.com](mailto:ken.krawiec@teigp.com)  
[Dean.Kato@teigp.com](mailto:Dean.Kato@teigp.com)

With a copy to:

**Lawson Lundell LLP**  
Brookfield Place  
225 6 Ave SW #1100  
Calgary, AB T2P 1N2

Attention: Alexis Teasdale  
Email: [ateasdale@lawsonlundell.com](mailto:ateasdale@lawsonlundell.com)

In either case, with a copy to the Proposal Trustee:

**KSV Restructuring Inc.**  
150 King Street West, Suite 2308  
Toronto, Ontario, M5H 1J9

Attention: Bobby Kofman and David Sieradzki  
Email: [bkofman@ksvadvisory.com](mailto:bkofman@ksvadvisory.com)  
[dsieradzki@ksvadvisory.com](mailto:dsieradzki@ksvadvisory.com)

Any such notice shall be deemed to be given and received when received, unless received after 5:00 pm Mountain Time or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

**39. Security Valid  
Irrespective of Time of  
Advance:**

All rights, agreements, and obligations of the Credit Parties and the Interim Lender and the granting of, and the priorities of, the Interim Lender Charge and the obligations owing under the Interim Facility, will remain in full force and effect irrespective of the time of any loan or advance made to the Borrower by the Interim Lender, including whether advanced before or after or at the same time as the creation of the security interests granted hereunder or before or after or at the same time as the date of execution of this Interim Financing Term Sheet.

**40. Governing Law and  
Jurisdiction:**

This Interim Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender to enforce this Interim Financing Term Sheet in any other proper jurisdiction, the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of Alberta, and further acknowledges and agrees that any disputes arising in respect of the Interim Financing Credit Documentation shall be heard by the Court.

(signature page follows)

**IN WITNESS HEREOF**, the parties hereto have executed this Interim Financing Term Sheet as at the date first referenced above.

**Interim Lender:**

**BANK OF MONTREAL**

Per:   
Name: Shane Klein  
Title: Managing Director

**Borrower:**

**TRADESMEN ENTERPRISES LIMITED PARTNERSHIP, by its General Partner, Tradesmen Enterprises Inc.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the partnership

**Guarantor:**

**TRADESMEN ENTERPRISES INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the corporation

IN WITNESS HEREOF, the parties hereto have executed this Interim Financing Term Sheet as at the date first referenced above.

**Interim Lender:**

**BANK OF MONTREAL**

Per: Zachary Newman  
Name: Zachary Newman  
Title: Director

**Borrower:**

**TRADESMEN ENTERPRISES LIMITED  
PARTNERSHIP, by its General Partner,  
Tradesmen Enterprises Inc.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the partnership

**Guarantor:**

**TRADESMEN ENTERPRISES INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the corporation

IN WITNESS HEREOF, the parties hereto have executed this Interim Financing Term Sheet as at the date first referenced above.


**Interim Lender:**

**BANK OF MONTREAL**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Borrower:**

**TRADESMEN ENTERPRISES LIMITED  
PARTNERSHIP, by its General Partner,  
Tradesmen Enterprises Inc.**

Per:  \_\_\_\_\_  
Name: *Ken Krowiec*  
Title: *Chief Financial officer*

I have authority to bind the partnership

**Guarantor:**

**TRADESMEN ENTERPRISES INC.**

Per:  \_\_\_\_\_  
Name: *Ken Krowiec*  
Title: *Chief Financial officer*

I have authority to bind the corporation

## **SCHEDULE "A"**

### **DEFINED TERMS**

In this Interim Financing Term Sheet:

“**Advance**” and “**Advances**” has the meanings given thereto in Section 8.

“**Administration Charge**” means a charge on the Collateral of the Credit Parties, granted by the Court pursuant to the Interim Lender Order, up to an aggregate amount of \$300,000, securing the payment of the reasonable fees and disbursements incurred by the Credit Parties’ counsel, the Proposal Trustee and the Proposal Trustee’s counsel in connection with the NOI Proceedings, as set forth in the Cash Flow Forecast.

“**Advance Request**” has the meaning given thereto in Section 8.

“**Application**” has the meaning given thereto in the recitals on the first page of the Interim Financing Term Sheet.

“**BIA**” has the meaning given thereto in the recitals on the first page of the Interim Financing Term Sheet.

“**Business Day**” means any day other than a Saturday, Sunday or any other day in which banks in Calgary, Alberta are not open for business.

“**Business Update**” means an executive summary prepared by senior management of the Borrower which outlines in sufficient detail, reasonably acceptable to the Interim Lender, the latest business information, claims, prospects, strategy and implementation of business matters associated with the Credit Parties and their operations for the next six (6) months from the date of issue.

“**Cash Flow Forecast**” means a rolling eight (8) week cash flow forecast of expected weekly receipts and all of the operating and capital expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Cash Flow Forecast, prepared by the Borrower with the assistance of the Proposal Trustee, the form of which is attached as Schedule “B” to this Interim Financing Term Sheet, together with any subsequent detailed cash flow forecast prepared by the Borrower, with the assistance of the Proposal Trustee, and submitted by the Borrower to the Interim Lender and approved by the Interim Lender.

“**CCAA**” has the meaning given thereto in Section 14.

“**Claims**” has the meaning given thereto in Section 27.

“**Closing Fee**” has the meaning given thereto in Section 10.

“**Collateral**” means all present and after-acquired real and personal property of the Borrower and of the Guarantor.

“**Court**” has the meaning given thereto in the recitals on the first page of the Interim Financing Term Sheet.

“**Default**” means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

“**Event of Default**” has the meaning given thereto in Section 28.

“**Existing Source Deduction**” has the meaning given thereto in Section 23.

“**Fulcrum**” means, collectively, PEF 2010(A) Limited Partnership, PEF 2010 (B) Limited Partnership, and PEF 2010(C) Limited Partnership, each by their general partner Fulcrum Capital Partners Inc.

“**Funding Conditions**” has the meaning given thereto in Section 13.

“**Governmental Entity**” means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

“**Indemnified Persons**” has the meaning given thereto in Section 26.

“**Interim Facility**” has the meaning given thereto in Section 7.

“**Interim Financing Credit Documentation**” means this Interim Financing Term Sheet and any other documentation in respect of the Interim Facility that is requested by the Interim Lender (which shall be in form and substance satisfactory to the Interim Lender), including the Interim Financing Security.

“**Interim Financing Fees and Expenses**” has the meaning given thereto in Section 18.

“**Interim Financing Term Sheet**” means the interim financing term sheet to which this schedule is attached, together with all schedules attached hereto, as the same may be amended, amended and restated or otherwise replaced from time to time.

“**Interim Financing Obligations**” has the meaning given thereto in Section 12.

“**Interim Financing Security**” has the meaning given thereto in Section 19.

“**Interim Lender**” has the meaning given thereto in Section 4.

“**Interim Lender Charge**” has the meaning given thereto in Section 12.

“**Interim Lender Order**” has the meaning given thereto in Section 12.

“**Liens**” means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever granted by Credit Parties, or otherwise charged, against the Collateral.

“**Material Adverse Change**” has the meaning given thereto in Section 28.

“**Maturity Date**” has the meaning given thereto in Section 14.

“**Maximum Amount**” has the meaning given thereto in Section 7.

“**NOI Proceedings**” has the meaning given thereto in the recitals on the first page of the Interim Financing Term Sheet.

“**Permitted Liens**” means (i) the Interim Lender Charge and the Interim Financing Security; (ii) the Administration Charge; and (iii) any charges created under the Interim Lender Order or other order of the Court in the NOI Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender in its sole discretion.



**“Priority Governmental Claim”** has the meaning given thereto in Section 26.

**“Proposal”** has the meaning given thereto in the recitals on the first page of the Interim Financing Term Sheet.

**“Proposal Trustee”** has the meaning given thereto in Section 22.

**“Restructuring Court Order”** and **“Restructuring Court Order”** have the meanings given thereto in Section 13.

**“Restructuring Option”** means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower (or the equity interests of the Borrower) or any other restructuring of the Borrower’s business and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

**“Sale Process”** means a Court-approved sale process in respect of substantially all of the Credit Parties’ assets.

**“Taxes”** has the meaning given thereto in Section 29.

**“Withholding Taxes”** has the meaning given thereto in Section 29.

[END OF SCHEDULE]

**SCHEDULE "B"**  
**CASH FLOW FORECAST**

*See attached.*

**Tradesmen Weekly Cash Flow Forecast**

Canadian Dollars	Canadian Dollars							Cumulative Feb 5 -Mar 5	Cumulative Feb 5 -Mar 26
	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar	12-Mar	19-Mar		
AR Collections - Outstanding AR	--	--	--	--	--	--	--	--	--
Other - Auction / Bank / Misc	1,575	--	--	--	1,575	--	--	--	3,150
<b>Total Cash Receipts</b>	<b>1,575</b>	--	--	--	<b>1,575</b>	--	--	--	<b>3,150</b>
Bank Fees	(65,000)	--	--	(8)	--	--	(8)	(8)	(65,008)
Bank Interest	--	--	--	--	--	--	--	--	--
Interim Financing Interest	--	--	--	(10,218)	--	--	--	(19,066)	(10,218)
CapEx	--	--	--	--	--	--	--	--	--
Credit Cards/Empl Exp	--	--	--	--	--	--	--	--	--
Employee Expenses	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(10,000)
Office/Yard Lease	(190,198)	--	--	(1,717)	(190,198)	--	--	(1,717)	(382,113)
Utilities	--	(10,663)	--	--	--	(10,663)	--	--	(10,663)
GST/PST	--	--	--	--	--	--	--	--	--
Eqmt Rent	--	--	--	--	--	--	--	--	--
Benefits/WCB	(44,614)	--	--	(500)	(45,000)	--	--	(500)	(90,114)
CRA WH Tax	(42,017)	(505,561)	(28,490)	--	(16,414)	--	(16,414)	--	(592,481)
Dir Service Providers	(64,074)	--	(53,594)	--	(53,594)	--	(44,394)	--	(171,262)
Payroll	--	(54,060)	--	(34,339)	--	(34,339)	--	(27,944)	(88,399)
Trade Payables	(27,500)	(27,500)	(7,500)	(19,100)	(7,500)	(7,500)	(7,500)	(17,500)	(89,100)
Fuel	--	--	--	--	--	--	--	--	--
Prof Fees	(103,168)	--	--	--	(277,819)	--	--	(100,240)	(380,988)
<b>Total Cash Payments</b>	<b>(538,570)</b>	<b>(599,785)</b>	<b>(91,584)</b>	<b>(67,882)</b>	<b>(592,525)</b>	<b>(54,502)</b>	<b>(70,308)</b>	<b>(168,975)</b>	<b>(1,890,346)</b>
Teck Demobilization Revenue	--	805,155	--	--	--	--	--	--	805,155
Teck Demobilization Cost	--	(132,686)	(398,059)	--	--	--	--	--	(530,746)
<b>Net Cashflow from Demobilization</b>	<b>--</b>	<b>672,469</b>	<b>(398,059)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>274,409</b>
<b>Cumulative Demobilization Cashflow</b>	<b>--</b>	<b>672,469</b>	<b>274,409</b>	<b>274,409</b>	<b>274,409</b>	<b>274,409</b>	<b>274,409</b>	<b>274,409</b>	<b>274,409</b>
<b>Net Cash Increase (Decrease)</b>	<b>(536,995)</b>	<b>72,684</b>	<b>(489,643)</b>	<b>(67,882)</b>	<b>(590,950)</b>	<b>(54,502)</b>	<b>(70,308)</b>	<b>(168,975)</b>	<b>(1,612,787)</b>
<b>Weekly Funding Requirement</b>	<b>536,995</b>	<b>(72,684)</b>	<b>489,643</b>	<b>67,882</b>	<b>590,950</b>	<b>54,502</b>	<b>70,308</b>	<b>168,975</b>	<b>1,612,787</b>
<b>Cumulative Funding Requirement</b>	<b>536,995</b>	<b>464,312</b>	<b>953,955</b>	<b>1,021,837</b>	<b>1,612,787</b>	<b>1,667,288</b>	<b>1,737,596</b>	<b>1,906,571</b>	<b>1,906,571</b>
<b>Headcount</b>	<b>19</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

## SCHEDULE "C"

### FORM OF ADVANCE REQUEST

Date: \_\_\_\_\_, 2021

**Bank of Montreal**

6<sup>th</sup> Floor, 350 – 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3N9

Attention: Director, SAMU  
Email: [zachary.newman@bmo.com](mailto:zachary.newman@bmo.com)

Dear Sirs:

We refer to the Interim Financing Term Sheet dated February 1, 2021 between Tradesmen Enterprises Limited Partnership, as borrower, Tradesmen Enterprises Inc., as guarantor, and Bank of Montreal, as interim lender (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "**Loan Agreement**"). Capitalized terms used herein have the same meaning as in the Loan Agreement. The undersigned is an officer of the general partner of the Borrower and is authorized to make and deliver this notice for and on behalf of the Borrower and its general partner pursuant to the Loan Agreement.

1. We hereby give notice of our request for an Advance pursuant to the Loan Agreement, the particulars of which are as follows:
  - (a) Drawdown Date: \_\_\_\_\_
  - (b) Amount: \_\_\_\_\_
  - (c) Payment Instructions (if any): \_\_\_\_\_
2. The undersigned hereby certifies that:
  - (a) the Advance requested by this Advance Request is consistent with the Cash Flow Forecast and is within the Maximum Amount;
  - (b) the Credit Parties are in compliance with the Interim Financing Credit Documentation and all Restructuring Court Orders; and
  - (c) each term of the Interim Lender Order are in full force and effect and have not been reversed, modified, stayed or amended.
3. All of the representations and warranties of the Credit Parties pursuant to the Interim Financing Credit Documentation are true and accurate in all material respects on the date hereof.

4. There exists no Default or Event of Default on the date hereof and no Default or Event of Default will occur as a result of the Advance requested by this Advance Request.
5. No Material Adverse Change has occurred since the date of the issuance of the Interim Lender Order.
6. No Liens rank in priority to the Interim Lender Charge.

Yours very truly,

**TRADESMEN ENTERPRISES LIMITED  
PARTNERSHIP, by its general partner,  
Tradesmen Enterprises Inc., as Borrower**

Per: \_\_\_\_\_  
Name:  
Title: