

COURT FILE NUMBER 1801-06866

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ATB FINANCIAL

RESPONDENTS MUSTANG WELL SERVICES LTD., KKS  
R ENTERPRISES LTD., COMPLETE OILFIELD  
MANUFACTURING INC., REACTION OILFIELD  
SUPPLY (2012) LTD., AND MRBD LTD.

DOCUMENT **SUPPLEMENT TO THE SECOND REPORT  
OF FTI CONSULTING CANADA INC., IN ITS  
CAPACITY AS COURT APPOINTED  
RECEIVER AND MANAGER OF MUSTANG  
WELL SERVICES LTD., KKS  
R ENTERPRISES LTD., COMPLETE OILFIELD  
MANUFACTURING INC., REACTION  
OILFIELD SUPPLY (2012) LTD., AND MRBD  
LTD.**

**October 12, 2018**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER**

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## INTRODUCTION

1. This supplement to the second report (the “**Second Report Supplement**”) is filed by FTI Consulting Canada Inc. in its capacity as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties of Mustang Well Services Ltd. (“**Mustang**”), KCSR Enterprises Ltd. (“**KCSR**”) Complete Oilfield Manufacturing Ltd. (“**Complete**”), Reaction Oilfield Supply (2012) Ltd. (“**Reaction**”) and MRBD Ltd. (“**MRBD**”). Mustang, KCSR, Complete, Reaction and MRDB are collectively referred to as the “**Debtors**” or the “**Company**”.
2. Unless otherwise defined, all capitalized terms in this Second Report Supplement are defined as they are in the Second Report. Any and all disclaimers provided in the Second Report also apply to this Second Report Supplement.
3. The Receiver’s reports and other publicly available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/Mustang> (the “**Receiver’s Website**”).
4. The purpose of this Second Report Supplement is to provide this Honourable Court with further documents and information related to the Priority Dispute.
5. This Second Report Supplement should be read in conjunction with the Second Report.

## OWNERSHIP OF COLLATERAL SUBJECT TO PRIORITY DISPUTE

6. As noted in the Second Report, the Priority Dispute relates to the following serial number goods:
  - (a) 2010 Rykar Mobile Rig serial number 2RCR545S2A16F8386;
  - (b) 2010 Rykar 72-140 Mast serial number RK6091010;

(c) 2005 Western Star T800 serial number 5KJRALCK55PN28007; and

(d) 2000 Western Star T800 serial number 2WLPCD2G4YK960579;

(collectively, “**Rig #8**”).

7. The Receiver has not been provided with any information to suggest that Rig #8 is owned by any person or entity other than Mustang.
8. With respect to the ownership of Rig #8, the Receiver has been provided with the following documents:
  - (a) lease agreement dated November 15, 2010 between Rykar Industries Ltd. (“**Rykar**”) and Mustang relating to the 2010 Rykar Mobile Rig serial number 2RCR545S2A16F8386;
  - (b) invoice dated December 1, 2011 from Rykar to Mustang relating to the 2010 Rykar Mobile Rig serial number 2RCR545S2A16F8386;
  - (c) invoice dated October 11, 2011 from Cory Grundberg to Mustang relating to the 2005 Western Star T800 serial number 5KJRALCK55PN28007;
  - (d) bill of sale dated December 31, 2009 between KKSR as seller and Mustang as buyer relating to the 2000 Western Star T800 serial number 2WLPCD2G4YK960579; and
  - (e) copies of the vehicle registration certificated for the 2000 Western Star T800 serial number 2WLPCD2G4YK960579, the 2005 Western Star T800 serial number 5KJRALCK55PN28007 and the 2010 Rykar Mobile Rig serial number 2RCR545S2A16F8386.

The documents listed above are attached to this Second Report Supplement as Appendices 1 to 5.

#### **ADDITIONAL SECURITY DOCUMENTS**

9. On October 10, 2018, the Receiver was provided with copies of the following additional documents:

- (a) an assignment, postponement and subordination agreement dated March 30, 2016 between Haymax Energy Inc. (“**Haymax**”), BDC and MRBD;
- (b) an assignment, postponement and subordination agreement dated March 30, 2016 between McPhedran Consulting Inc. (“**McPhedran**”), BDC and MRBD,

(collectively, the “**Haymax/McPhedran Subordination Agreements**”). The Haymax/McPhedran Subordination Agreements are attached as Appendices 6 and 7 to this Second Report Supplement.

10. The Receiver is also attaching the following additional documents, as they may be relevant in light of the Haymax/McPhedran Subordination Agreements:

- (a) letter of offer dated March 4, 2016 between Mustang and BDC;
- (b) unlimited guarantee dated April 11, 2016 in favour of BDC with KKS, MRBD, Complete, Bardovue Rentals Limited and Reaction as guarantors and BDC;
- (c) general security agreement dated April 11, 2016 between MRBD and BDC; and

- (d) standstill, priority and subordination agreement dated May 11, 2016 between BDC and ATB (the “**ATB/BDC Subordination Agreement**”).

The additional documents listed above are attached as Appendices 8 to 11 to this Second Report Supplement.

### **The Haymax/McPhedran Subordination Agreements**

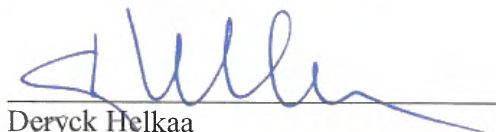
- 11. Pursuant to the terms of the Haymax/McPhedran Subordination Agreements:
  - (a) Haymax and McPhedran agreed to assign, postpone and subordinate to BDC, all of their right, title and interest in and to the Shares (as defined in the Haymax/McPhedran Subordination Agreements) as collateral security for the payment by MRBD of a loan of \$2,500,000 (the “**Loan**”) made by BDC in favour of Mustang;
  - (b) in consideration of BDC making the Loan to Mustang, Haymax and McPhedran:
    - i. assigned, postponed and subordinated, in favour of BDC, all of their right title and interest in and to the Shares;
    - ii. acknowledged, covenanted and agreed that (i) MRBD will not make, and Haymax and McPhedran will not receive, any payments on account of the Shares; and (ii) MRBD will not repurchase or return any capital in respect of, and Haymax and McPhedran will not redeem or receive any capital in respect of, the Shares at any time while Mustang is indebted to BDC without BDC’s prior written consent; and
    - iii. acknowledge and agree that all of their rights in respect of the Shares have been assigned to BDC.

## ATB/BDC Subordination Agreement


12. Pursuant to the terms of the ATB/BDC Subordination Agreement:
- (a) BDC agreed (among other things) to postpone and subordinated the Lender Security to the security constituted by the ATB Security (each as defined in the ATB/BDC Subordination Agreement) with respect to all of Mustang's present and after acquired personal property other than Intellectual Property and the Insurance Proceeds (each as defined in the ATB/BDC Subordination Agreement), to the extent of Mustang's indebtedness to ATB; and
  - (b) ATB agreed (among other things) to postpone and subordinate the ATB Security to the security constitute by the Lender Security with respect to the Intellectual Property and the Insurance Proceeds, to the extent of Mustang's indebtedness to BDC.

All of which is respectfully submitted this 12<sup>th</sup> day October 2018.

FTI Consulting Canada Inc.,  
in its capacity as proposed receiver Mustang  
Well Services Ltd., KKSER Enterprises Ltd.,  
Complete Oilfield Manufacturing Inc., Reaction  
Oilfield Supply (2012) Ltd., AND MRBD Ltd.



Deryck Helkaa  
Senior Managing Director



Dustin Oliver  
Managing Director

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and

- (d) standstill, priority and subordination agreement dated May 11, 2016 between BDC and ATB (the “**ATB/BDC Subordination Agreement**”).

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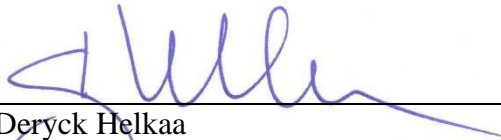
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- (b) in consideration of BDC making the Loan to Mustang, Haymax and McPhedran:
  - i. assigned, postponed and subordinated, in favour of BDC, all of their right title and interest in and to the Shares;
  - ii. acknowledged, covenanted and agreed that (i) MRBD will not make, and Haymax and McPhedran will not receive, any payments on account of the Shares; and (ii) MRBD will not repurchase or return any capital in respect of, and Haymax and McPhedran will not redeem or receive any capital in respect of, the Shares at any time while Mustang is indebted to BDC without BDC’s prior written consent; and
  - iii. acknowledge and agree that all of their rights in respect of the Shares have been assigned to BDC.

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12. Pursuant to the terms of the ATB/BDC Subordination Agreement:
- (a) BDC agreed (among other things) to postpone and subordinated the Lender Security to the security constituted by the ATB Security (each as defined in the ATB/BDC Subordination Agreement) with respect to all of Mustang's present and after acquired personal property other than Intellectual Property and the Insurance Proceeds (each as defined in the ATB/BDC Subordination Agreement), to the extent of Mustang's indebtedness to ATB; and
  - (b) ATB agreed (among other things) to postpone and subordinate the ATB Security to the security constitute by the Lender Security with respect to the Intellectual Property and the Insurance Proceeds, to the extent of Mustang's indebtedness to BDC.

All of which is respectfully submitted this 12<sup>th</sup> day October 2018.

FTI Consulting Canada Inc.,  
in its capacity as proposed receiver Mustang  
Well Services Ltd., KCSR Enterprises Ltd.,  
Complete Oilfield Manufacturing Inc., Reaction  
Oilfield Supply (2012) Ltd., AND MRBD Ltd.



Deryck Helkaa  
Senior Managing Director



Dustin Olver  
Managing Director

# Appendix 1

## LEASE AGREEMENT

THIS AGREEMENT made as of the 15<sup>th</sup> day of November, 2010.

**BETWEEN:**

**RYKAR INDUSTRIES LTD.**  
(hereinafter referred to as the "Lessor")

-and-

**MUSTANG WELL SERVICES LTD.**  
(hereinafter referred to as the "Lessee")

**WHEREAS** the Lessee has requested the Lessor to lease "the Rig" described in Schedule "A" to the Lessee and the Lessor has agreed to do so upon and subject to the terms and conditions herein contained.

**THIS AGREEMENT WITNESSES** that, in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties agree as follows:

### ARTICLE I - DEFINITIONS

- 1.01 The following words and phrases shall have the meaning ascribed to them herein, such meaning to be applicable to both the singular and plural form of the word or phrase defined:
- a. "Agreement" shall mean this agreement and all recital paragraphs and Schedules attached hereto;
  - b. "Completion Date" shall mean the date upon which the Lessee shall acquire title to "the Rig";
  - c. "Effective Date" shall mean ~~November 15~~, <sup>December 1,</sup> 2010.
  - d. "Event of Default" shall mean any of the following:
    - i. the failure of the Lessee to pay a Lease Payment or any portion thereof when the same falls due;
    - ii. the failure of the Lessee to pay any other amount payable by the Lessee to the Lessor hereunder when the same falls due;

- iii. the breach by the Lessee of any covenant or condition contained herein on the Lessee's part to be observed or performed;
- iv. the assignment by the Lessee for the benefit of creditors or the admission by the Lessee in writing of its inability to pay its debts generally as they become due;
- v. the appointment of a receiver, trustee or similar official for or in respect of the Lessee or any of its property or assets;
- vi. the filing by or against the Lessee of a petition in bankruptcy or a petition or other proceeding for the reorganization or liquidation of the Lessee under any federal or provincial law; or
- vii. the doing or causing to be done or the permitting or suffering any act or thing whereby the Lessor's rights in the Rig may be prejudiced or put in jeopardy;
- viii. "Interest Rate" shall mean the rate of ten (10%) per cent calculated annually;
- ix. "Lease Payment" shall mean those payments as set out in Article III.
- x. "Lessor's Facility" shall mean the Lessor's facility located at Red Deer, Alberta;
- xi. "Rig" shall mean collectively each of the components set forth and described in Schedule "A" and any part thereof;

#### ARTICLE II - AGREEMENT

- 2.01 Upon and subject to the terms and conditions herein contained, the Lessor shall and does hereby lease to the Lessee, and the Lessee shall and does hereby lease from the Lessor and the Rig.
- 2.02 This agreement constitute a lease of the Rig and the Rig is and shall at all times remain the sole and exclusive property of the Lessor and nothing contained herein shall be construed as conveying to the Lessee any right, title or interest in or to the Rig other than as Lessee.

#### ARTICLE III - EFFECTIVE DATE

- 3.01 Notwithstanding the date of execution of this Agreement, this Agreement and the Lease of the Rig by the Lessor to the Lessee shall be effective as and from the Effective Date.
- 3.02 The Lessee shall provide to the Lessor a Down Payment in the sum of \$35,000.00 plus GST of \$1,750.00 upon execution of the Agreement.

- 3.03 The rental term of the Lease is for twelve (12) months with monthly payments of \$20,514.02, plus the Goods and Services Tax (GST) (presently \$1,025.70) or any other applicable Federal or Provincial taxes or levies.
- 3.04 The Lessor shall provide a security deposit of one lease payment of \$20,514.02 plus GST or \$21,539.72 upon execution of this Agreement.

#### ARTICLE IV - DELIVERY OF RIG

- 4.01 On the Effective Date, the Lessee shall be entitled to take delivery of the Rig at the Lessor's Facility. The Lessee shall be responsible for and shall bear the costs of the disassembly and preparation of the Rig for the transport and the transport of the Rig from the Lessor's Facility. Upon receipt thereof, the Lessee shall be conclusively presumed to have fully inspected and be satisfied with the condition of the Rig.
- 4.02 Except as expressly provided herein, there are no warranties, representations or conditions, expressed or implied, statutory or otherwise, with respect to the Rig, its quality, condition or fitness for any particular purpose, and the same are hereby expressly disclaimed by the Lessor.

#### ARTICLE V - LEASE PAYMENTS

- 5.01 On the <sup>30</sup>1<sup>st</sup> day of each month during the term of this Agreement, commencing on the Effective Date, the Lessee shall pay to the Lessor for the lease of the Rig the Lease Payments without deduction set off or counterclaim whatsoever.
- 5.02 In the event the Lessee fails to pay any portion of the Lease Payment when due, the Lessee shall pay interest thereon at the Interest Rate from the date such amount was due until it is paid.

#### ARTICLE VI - OPTION TO PURCHASE

- 6.01 Provided the Lessee has complied with and performs all of the covenants of the Lease and is not in default under the Lease, the Lessee will have the option to purchase the Rig described in Schedule "A" in accordance with the following provisions:
- a. this Option to Purchase only applies provided that the Lease has been in good standing for one (1) year from the Effective Date;
  - b. the Option Price shall be the sum of \$965,500.00;
  - c. the Lessee will receive credit as against the Option Price for 60% of the rental payments received by the Lessor on the Completion Date;

d. the Option to Purchase can be exercised by the Lessor only on the 1<sup>st</sup> anniversary of the Effective Date of this Lease;

e. the Option Price is as follows:

Total Package Price	\$1,000,500.00
Less Down payment + GST (\$1,750.00)	( 35,000.00)
Lease amount to be financed per amortization schedule Attached (Option Price)	965,500.00
Less: Credit for 60% of lease payments for 12 months	(147,700.94)
	817,799.06
GST @ 5% on \$817,799.06	40,889.95
Payout Amount	858,689.01
Less: lease deposit	(21,539.72)
Net Option Price/Lease Payout after 12 lease payments	\$ 837,149.29

f. the Lessee is required to give thirty (30) days written notice to the Landlord of his intention to exercise the Option to purchase;

g. the Lessor will provide a Bill of Sale and warrants that the Rig will be free and clear of all encumbrances on the Closing Date.

#### ARTICLE VII - LESSEE'S REPRESENTATIONS AND WARRANTIES

7.01 The Lessee represents and warrants to the Lessor:

- a. that the Lessee is a corporation duly organized, existing and in good standing under the laws of the Province of Alberta and is duly qualified to conduct its business in those jurisdictions where such business is conducted and where qualification, licensing or permission to do so is necessary;
- b. that the Lessee has good and sufficient right and authority to enter into this Agreement and to lease the Rig from the Lessor and this Agreement constitutes a valid and binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms, and all transactions contemplated herein shall not result in any violation of any of the provisions of the Articles of Incorporation or the by-laws of the Lessee or of any of the terms and conditions of any agreement to which the Lessee may be a party or by which it may be bound, nor constitute a default thereunder.



- 7.02 The representations and warranties set forth in each of the paragraphs of Section 7.01 shall survive the delivery of the Rig to the Lessee and shall continue in full force and effect for the benefit of the Lessor during the term of this Agreement.

#### ARTICLE VIII - LESSOR'S REPRESENTATIVES AND WARRANTIES

- 8.01 The Lessor represents and warrants to the Lessee:
- a. that the Lessor is a corporation duly organized, existing and in good standing under the laws of the Province of Alberta and is duly qualified to conduct its business in those jurisdictions where such business is conducted and where qualification, licensing or permission to do so is necessary;
  - b. that the Lessor has good and sufficient right and authority to enter into this Agreement and to lease the Rig from the Lessor and this Agreement constitutes a valid and binding obligation of the Lessor, enforceable against the Lessor in accordance with its terms, and all transactions contemplated herein shall not result in any violation of any of the provisions of the Articles of Incorporation or the by-laws of the Lessor or of any of the terms and conditions of any agreement to which the Lessee may be a party or by which it may be bound, nor constitute a default thereunder;
  - c. the Lessor shall not encumber the Rig financially in any way after the Effective Date.
- 8.02 The representations and warranties set forth in each of the paragraphs of Section 8.01 shall survive the delivery of the Rig to the Lessee and shall continue in full force and effect for the benefit of the Lessor during the term of this Agreement.

#### ARTICLE XIV - OPERATION, MAINTENANCE AND REPAIR

- 9.01 During the term of this Agreement, the Lessee shall:
- a. advise the Lessor of the exact location of the Rig from time to time;
  - b. cause the Rig to be operated only by competent, qualified and properly trained personnel in a careful, proper and prudent manner;
  - c. comply with and confirm to all laws, regulations and orders, present or future, applicable in any manner whatsoever to the possession, transport, use, operation, maintenance, repair or storage of the Rig; and
  - d. pay all expenses relating in any manner whatsoever to and all license fees, registration fees, assessments, tariffs, tolls, impositions, charges and taxes of whatsoever nature and kind, whether federal, provincial or municipal, which may be levied or assessed directly

or indirectly against or on account of the Rig or any interest therein, other than the interest of the Lessor therein, relating in any manner whatsoever to the possession, transport, use, operation, maintenance, repair or storage of the Rig.

9.02 During the term of this Agreement the Lessee shall not, without the prior consent of the Lessor:

- a. modify or alter the Rig or make any additions thereto;
- b. remove the Rig or any part thereof beyond the territorial boundaries of the Province of Alberta or Saskatchewan;
- c. permit any lien, claim, encumbrance or third party security interest of whatsoever nature or kind to become attached to and registered against or otherwise encumber the Rig or any part thereof.

9.03 Any additions to the Rig which have not been consented to by the Lessor shall be removed by the Lessee upon the notice from the Lessor to do so or, at the option of the Lessee, shall become the property of the Lessor without compensation or other payment therefor by the Lessor.

9.04 In the event a lien, claim, encumbrance or third party security interest of whatsoever nature or kind becomes attached to, registered against or otherwise encumbers the Rig or any part thereof as a result of failure of the Lessee to comply with its obligations set forth herein, the Lessee shall forthwith give notice of such lien, claim, encumbrance or third party security interest is being contested diligently and in good faith by the Lessor, shall forthwith secure its discharge and provide evidence thereof to the Lessor

In the event the Lessee fails to do so, the Lessor may, but shall not be obligated to, pay or satisfy such lien, claim, encumbrances or third party security interest and obtain a discharge of same, without regard to any equities or other defenses that may exist between the Lessee and the holder of such lien, claim, encumbrances or third party security interest and without recourse to the Lessor, and the Lessee shall forthwith pay to the Lessor the amount paid by the Lessor together with all of the costs incurred by the Lessor, including legal costs on a solicitor and how own client basis, and interest thereon at the Interest Rate from the date of payment of such amount and such costs by the Lessor to the date of payment thereof by the Lessee.

9.05 The Lessee shall keep and maintain the Rig in good working order, condition and repair, replacing all damaged or broken parts with parts of equivalent quality and servicing the components of the Rig in accordance with the service specifications provided by the Lessor from time to time. The Lessee shall permit the Lessor and its duly authorized representatives to have access to and inspect the Rig at any time and from time to time.

## ARTICLE X - INSURANCE

- 10.01 All risk of loss or damage to the Rig from whatsoever cause or however arising shall pass to the Lessee on the Effective Date.
- 10.02 The Lessee shall obtain and maintain insurance on the Rig against all risks of loss or damage from every cause whatsoever and howsoever arising in an amount not less than the full replacement value thereof as determined by the Lessor and shall carry public liability and property damage insurance covering the Rig. All of such insurance shall be in a form and an amount with an insurer or insurers approved by the Lessor and the Lessor shall be named the first loss payee thereunder without recourse to the Lessor.
- 10.03 Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to the Lessor, that it shall waive any rights of subrogation which the insurer may have against the Lessor and give the Lessor not less than fifteen (15) days written notice before the coverage afforded by the policy or policies in question shall be materially reduced or cancelled.
- 10.04 The Lessee shall furnish to the Lessor certified copies of the policy or policies or certificates of such insurance on request.
- 10.05 In the event the Lessee fails to obtain or maintain insurance as required herein, the Lessor may, but shall not be obligated to, obtain and maintain such insurance and the Lessee shall forthwith pay to the Lessor the amount paid by the Lessor for such insurance together with interest thereon at the Interest Rate from the date of payment of such amount by the Lessor to the date of payment thereof by the Lessee.
- 10.06 In the event of damage to the Rig or any portion thereof, which damage is capable of repair in the opinion of the Lessee's insurers, the Lessee shall repair and restore the damaged component or portion of the Rig to good condition and working order.
- 10.07 In the event of loss of or damage to an item or component of the Rig where such damage is not capable of repair in the opinion of the Lessee's insurers, the Lessee shall replace the lost or damaged item or component of similar quality and in good repair, condition and working order and such replaced item or component of the Rig shall be deemed to form a part thereof.
- 10.08 In the event any proceeds of insurance are received by the Lessor in respect of any loss of or damage to the Rig governed by Section 10.06 or 10.07, and the Lessee has complied with those Sections, the Lessor shall pay such proceeds to the Lessee.
- 10.09 No loss or damage to any item or component of the Rig shall affect any of the Lessee's obligations hereunder and all of such obligations shall remain in full force and effect for the benefit of the Lessor.

## ARTICLE XI – INDEMNIFICATION

- 11.01 The Lessee shall indemnify and save the Lessor harmless of and from any damage to or loss of the Rig or any item or component thereof and from any loss, costs, expenses, demands, claims or liability of whatsoever nature or kind, including legal costs on a solicitor and his own client basis, which the Lessor may suffer or incur including, without limiting the generality of the foregoing, liability for injury to any person or persons or for damage to any property, arising from the Lessee's possession, transport, use, operation or storage of the Rig or any item or component thereof.

## ARTICLE XII - DEFAULT

- 12.01 In the event of the occurrence of one or more Events of Default failing the rectification of removal of such Event of default by the Lessee upon thirty (30) days notice from the Lessor to do so, the Lessor may:
- a. terminate this agreement by notice to the Lessee;
  - b. declare the Lease Payments due at the date of termination due and payable;
  - c. take possession of the Rig and any items or components thereof, without demand or notice, wherever same may be located, without any court order or other process of law and provided that the taking of possession of the Rig by the Lessor shall not constitute a termination or cancellation of any liability of the Lessee to the Lessor hereunder; and
  - d. pursue any other remedy available to the Lessor at law or in equity.
- 12.02 All of the remedies available to the Lessor shall be deemed to be cumulative and mutually exclusive of one another and may be exercised concurrently or separately in the sole discretion of the Lessor. Notwithstanding the taking of possession of the Rig or any other action or remedy the Lessor may take or seek, the Lessor shall remain liable for the full performance of all accrued obligations and the payment of all monies on the part of the Lessee to be performed and paid hereunder.
- 12.03 Failure on the part of the Lessor in any one instance to enforce any of its rights which arise in connection with this agreement or to insist upon the strict performance or observance by the Lessee of any of the terms, conditions or covenants of this Agreement shall not be construed as a waiver of performance or relinquishment for the future of any such rights, terms, conditions or covenants. No waiver of any term, condition or covenant of this Agreement shall be valid unless it is in writing and signed by the Lessor.

#### ARTICLE XIII - TERMINATION

- 13.01 Upon the expiry or earlier termination of this Agreement the Lessee shall deliver the Rig to the Lessor's facility. The Rig shall be in good working order, condition and repair, reasonable wear and tear only excepted at the time of delivery thereof by the Lessee to the Lessor.
- 13.02 Notwithstanding the expiry or termination of this Agreement, the covenants of the Lessee set forth in section 11.01 shall survive and continue for the benefit of the Lessor.

#### XIV - ARBITRATION

- 14.01 Any difference or dispute arising between the parties with respect to the interpretation or application of this Agreement which cannot be settled amicably between them shall be submitted to and settled by arbitration and the decision of the arbitrator appointed to deal with such dispute or matter shall be accepted by the parties who shall do all the things required to implement such arbitrator's decision. The arbitration shall be conducted by a single arbitrator if the parties agree upon one, otherwise by a single arbitrator appointed by a Justice of the Court of Queen's Bench of Alberta upon the application of either of the parties. The award of the arbitrator shall be final and binding upon the parties and there shall be no appeal therefrom. The arbitration shall be conducted in accordance with the provisions of the Arbitration Act of Alberta, R.S.A. 2000, c. A-43.

#### ARTICLE XV - ASSIGNMENT

- 15.01 This Agreement and the right and obligations of the Lessee hereunder shall not be assigned by the Lessee without the prior consent of the Lessor, such consent not to be unreasonably withheld. Notwithstanding that such consent may be given by the Lessor, the Lessee's obligations to the Lessor hereunder shall not be diminished, altered or amended in any manner whatsoever by such assignment.

#### ARTICLE XVI - FURTHER ACTS AND ASSURANCES

- 16.01 Each of the parties shall, upon the reasonable request of the other party, make, do, execute or cause to be made, done or executed all such further and other lawful acts, deeds, things, documents and assurances of whatsoever nature and kind for the better or more perfect or absolute performance of the terms and condition of this Agreement.

ARTICLE XVII - TIME

17.01 Time shall be of the essence of this Agreement:

ARTICLE XVIII - NOTICES

18.01 All notices, requests, demands, consents or other communications by the terms hereof required or permitted to be given by either party to the other shall be in writing and either delivered personally or sent by registered mail postage prepaid and shall be deemed to be received at the time of delivery thereof or, in the case of registered mail, on the 3<sup>rd</sup> business day following posting. The addressees of the parties for the purpose hereof shall respectively be:

LESSEE: MUSTANG WELL SERVICES LTD.  
PO Box 1467  
Camrose, Alberta T4V 1X4  
Phone (780)678-2000  
Fax (780)678-2001  
E-Mail [mustang@mustangwellservices.com](mailto:mustang@mustangwellservices.com)

LESSOR: RYKAR INDUSTRIES LTD.  
P.O. Box 540  
Red Deer, Alberta T4N 5G1  
Phone (403) 358-3500  
Fax (403) 358-3558

ARTICLE XIX - INTERPRETATION

- 19.01 All recital paragraphs and all Schedules to this Agreement are expressly incorporated herein and form an integral part hereof.
- 19.02 This Agreement shall be deemed to be made in the Province of Alberta and shall be constructed in accordance with and governed by the laws of such Province exclusively.
- 19.03 This Agreement and the rights and obligations of the parties hereunder are subject to all present and future laws, rules, regulations and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over the parties, or either of them, or the subject matter of this Agreement.
- 19.04 All dollar amounts referred to in this Agreement are in Canadian dollars.

- 19.05 The words "herein", "hereto" and "hereunder" wherever used in any Article, section, paragraph or subparagraph in this Agreement relate to the whole Agreement and not to that Article, section, paragraph or subparagraph only.
- 19.06 The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
- 19.07 If any provision of this Agreement or the application thereof to any circumstances shall be held to be invalid, unenforceable or illegal, such provision or the application thereof to such circumstances shall be deemed to be independent and severable from the remaining provisions of this Agreement and the remaining provisions of this Agreement or the application of the provisions of this Agreement to other circumstances shall not be affected thereby and shall be valid and enforceable to the full extent permitted by law.

#### ARTICLE XX - ENTIRE AGREEMENT

- 20.01 This Agreement constitutes and contains the entire agreement between the parties and contains all of the representations and warranties of the parties and supersedes any prior agreement, whether written or verbal.

#### ARTICLE XXI - ENUREMENT

- 21.01 This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties have properly executed this Agreement as of the date and year first above written.

MUSTANG WELL SERVICES LTD.

Per: 

RYKAR INDUSTRIES LTD.

Per:   
CONTROLLER

SCHEDULE A



**2010 Rykar Freestanding Service Rig**  
**Serial Number – 2RCR545S2A16F8386**

Engine	-	Series 60 Detroit Diesel
	-	Model 6063HV39
	-	Serial Number 06R1003051
Transmission	-	Allison 4700 OFS
	-	Serial Number 6610251165
	-	Namco Model 256 Gearbox – S/N N07-14010
Draw works	-	Rykar 4210 – 38
	-	Model RK450
	-	S/N RK5441007
Mast	-	Rykar 72' Freestanding Mast
	-	Serial Number RK609-10-10
	-	800' of 1" Drillline
Blocks	-	100 Ton McKissick Dividing Block and Hook
	-	Model 21A
	-	Serial Number 128
Tubing elevators	-	Set of 2 7/8" EUE BVM TA100 Ton – S/N 06611
	-	Set of 2 3/8" EUE BVM TA100 Ton – S/N 06608
Elevator Links	-	Set of King 72" X 1 3/4" – S/N 150T072-7414

### 2010 Rykar Freestanding Service Rig

- New Series 60 Detroit Diesel engine c/w the following:
  - Radiator c/w air to air
  - Waterous panel, oil cooler, Farr air cleaner
  - Power steering pump c/w adapter gear
  - Air compressor, alternator, starter
  - Bendix fan hub and fan
  - Air to air piping and hose kit
  - Turbo flange and clamp
  - Rig saver, Williams control, Cowl muffler
- Allison OFS 4700 electronic transmission c/w filters and Nanco drop box
- Engine and transmission mounted on master skid
- New 5 axle carrier, all hydraulics and wiring
- Rykar drawworks, 42x10 main drum, 38x8 sandline drum, 1" lebus grooving on main drum
- Kobelt disc brake c/w Caliper
- 20000# Tandem front axles c/w ABS brakes, Reyco suspension
- 44000# Rockwell rear axles, tri-drive, c/w Neway air ride
- Single man cab c/w air ride seat, heater, fan, all gauges
- Wabco air system
- 852 Chelsea PTO, c/w tandem hydraulic pump
- 2 station accumulator system c/w nitrogen back up system
- 125 gal. aluminum fuel tank
- Complete 12 volt electrical system c/w lock out switches
- 2 - 8000# rated winches
- All driving lights, mirrors, mud flaps, etc.
- 4 new 445/65R22.5 radial tires c/w 4 aluminum rims, 12 new 12/R22.5 radial tires c/w 12 aluminum rims
- Tool boxes
- Rykar 72 ft. stiff free standing mast c/w certification documents
- Mast wiring c/w incandescent lights
- Tubing board equipped with rear escape frame
- Hydraulic outriggers
- 6 ft. rig floor c/w fold out wings, c/w all handrails
- Hydraulic tank, minimum capacity 250 gals
- All walkway's pullout on rollers
- McKissick dividing block and hook assembly - 100 Ton
- 800' 1" Drill line

.... / Cont'd

**2010 Rykar Freestanding Service Rig**

- Set of Tubing Elevators; 2 7/8" EUE BVM TA100 ton and 2 3/8" EUE BVM TA100 ton
- Set of King Elevator Links – 72" x 1 3/4"
- All stairs coming off carrier – aluminum c/w handrails
- Fold up base beam
- Guylines from monkey board to outriggers
- Crown lines to carrier
- Sandblast and paint customer colors (Note: 2 colors)
- CVIP certification
- NSM certification
- Complete manual with all part numbers, etc.

# Mortgage loan payments

Enter values	
Loan amount:	\$ 965,500.00
Annual interest rate:	10.00 %
Loan period in years:	5
Number of payments per year:	12
Start date of loan:	15/11/2010
Optional extra payments:	\$ -

Loan summary	
Scheduled payment:	\$ 20,514.02
Scheduled number of payments:	60
Actual number of payments:	60
Total early payments:	\$ -
Total interest:	\$ 265,341.30

Lender Name:

Pmt No.	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative Interest
1	15/12/2010	\$ 965,500.00	\$ 20,514.02	\$ -	\$ 20,514.02	\$ 12,468.19	\$ 8,045.83	\$ 953,031.81	\$ 8,045.83
2	15/01/2011	953,031.81	20,514.02	-	20,514.02	12,572.09	7,941.93	940,459.72	15,987.77
3	15/02/2011	940,459.72	20,514.02	-	20,514.02	12,676.86	7,837.16	927,782.86	23,824.93
4	15/03/2011	927,782.86	20,514.02	-	20,514.02	12,782.50	7,731.52	915,000.37	31,556.45
5	15/04/2011	915,000.37	20,514.02	-	20,514.02	12,889.02	7,625.00	902,111.35	39,181.46
6	15/05/2011	902,111.35	20,514.02	-	20,514.02	12,996.43	7,517.59	889,114.92	46,699.05
7	15/06/2011	889,114.92	20,514.02	-	20,514.02	13,104.73	7,409.29	876,010.19	54,108.34
8	15/07/2011	876,010.19	20,514.02	-	20,514.02	13,213.94	7,300.08	862,796.25	61,408.43
9	15/08/2011	862,796.25	20,514.02	-	20,514.02	13,324.05	7,189.97	849,472.20	68,598.40
10	15/09/2011	849,472.20	20,514.02	-	20,514.02	13,435.09	7,078.94	836,037.11	75,677.33
11	15/10/2011	836,037.11	20,514.02	-	20,514.02	13,547.05	6,966.98	822,490.07	82,644.31
12	15/11/2011	822,490.07	20,514.02	-	20,514.02	13,659.94	6,854.08	808,830.13	89,498.39
13	15/12/2011	808,830.13	20,514.02	-	20,514.02	13,773.77	6,740.25	795,056.36	96,238.64
14	15/01/2012	795,056.36	20,514.02	-	20,514.02	13,888.55	6,625.47	781,167.81	102,864.11
15	15/02/2012	781,167.81	20,514.02	-	20,514.02	14,004.29	6,509.73	767,163.52	109,373.84
16	15/03/2012	767,163.52	20,514.02	-	20,514.02	14,120.99	6,393.03	753,042.53	115,766.87
17	15/04/2012	753,042.53	20,514.02	-	20,514.02	14,238.67	6,275.35	738,803.86	122,042.23
18	15/05/2012	738,803.86	20,514.02	-	20,514.02	14,357.32	6,156.70	724,446.54	128,198.93
19	15/06/2012	724,446.54	20,514.02	-	20,514.02	14,476.97	6,037.05	709,969.57	134,235.98
20	15/07/2012	709,969.57	20,514.02	-	20,514.02	14,597.61	5,916.41	695,371.96	140,152.39
21	15/08/2012	695,371.96	20,514.02	-	20,514.02	14,719.26	5,794.77	680,652.70	145,947.16
22	15/09/2012	680,652.70	20,514.02	-	20,514.02	14,841.92	5,672.11	665,810.79	151,619.27
23	15/10/2012	665,810.79	20,514.02	-	20,514.02	14,965.60	5,548.42	650,845.19	157,167.69
24	15/11/2012	650,845.19	20,514.02	-	20,514.02	15,090.31	5,423.71	635,754.88	162,591.40
25	15/12/2012	635,754.88	20,514.02	-	20,514.02	15,216.06	5,297.96	620,538.81	167,889.36
26	15/01/2013	620,538.81	20,514.02	-	20,514.02	15,342.86	5,171.16	605,195.95	173,060.51
27	15/02/2013	605,195.95	20,514.02	-	20,514.02	15,470.72	5,043.30	589,725.23	178,103.81
28	15/03/2013	589,725.23	20,514.02	-	20,514.02	15,599.54	4,914.38	574,125.69	183,018.19
29	15/04/2013	574,125.69	20,514.02	-	20,514.02	15,729.34	4,784.38	558,396.34	187,802.57
30	15/05/2013	558,396.34	20,514.02	-	20,514.02	15,860.12	4,653.30	542,536.22	192,455.87
31	15/06/2013	542,536.22	20,514.02	-	20,514.02	15,992.89	4,521.13	526,543.33	196,977.00
32	15/07/2013	526,543.33	20,514.02	-	20,514.02	16,126.17	4,387.85	510,416.15	201,364.85
33	15/08/2013	510,416.15	20,514.02	-	20,514.02	16,260.55	4,253.47	494,155.60	205,618.32
34	15/09/2013	494,155.60	20,514.02	-	20,514.02	16,396.06	4,117.96	477,759.54	209,736.28
35	15/10/2013	477,759.54	20,514.02	-	20,514.02	16,532.69	3,981.33	461,226.85	213,717.61
36	15/11/2013	461,226.85	20,514.02	-	20,514.02	16,670.46	3,843.56	444,556.39	217,561.17
37	15/12/2013	444,556.39	20,514.02	-	20,514.02	16,809.39	3,704.64	427,747.00	221,265.80
38	15/01/2014	427,747.00	20,514.02	-	20,514.02	16,949.46	3,564.56	410,797.54	224,830.36
39	15/02/2014	410,797.54	20,514.02	-	20,514.02	17,090.71	3,423.31	393,706.83	228,253.67
40	15/03/2014	393,706.83	20,514.02	-	20,514.02	17,233.13	3,280.89	376,473.70	231,534.56
41	15/04/2014	376,473.70	20,514.02	-	20,514.02	17,376.74	3,137.28	359,096.96	234,671.84
42	15/05/2014	359,096.96	20,514.02	-	20,514.02	17,521.55	2,992.47	341,575.41	237,664.32
43	15/06/2014	341,575.41	20,514.02	-	20,514.02	17,667.56	2,846.45	323,907.85	240,510.78
44	15/07/2014	323,907.85	20,514.02	-	20,514.02	17,814.79	2,699.23	306,093.06	243,210.01
45	15/08/2014	306,093.06	20,514.02	-	20,514.02	17,963.25	2,550.78	288,129.81	245,760.79
46	15/09/2014	288,129.81	20,514.02	-	20,514.02	18,112.94	2,401.08	270,016.87	248,161.87
47	15/10/2014	270,016.87	20,514.02	-	20,514.02	18,263.88	2,250.14	251,752.99	250,412.01
48	15/11/2014	251,752.99	20,514.02	-	20,514.02	18,416.08	2,097.94	233,336.91	252,509.95
49	15/12/2014	233,336.91	20,514.02	-	20,514.02	18,569.55	1,944.47	214,767.36	254,454.43
50	15/01/2015	214,767.36	20,514.02	-	20,514.02	18,724.29	1,789.73	196,043.07	256,244.15
51	15/02/2015	196,043.07	20,514.02	-	20,514.02	18,880.33	1,633.69	177,162.74	257,877.85
52	15/03/2015	177,162.74	20,514.02	-	20,514.02	19,037.67	1,476.36	158,126.08	259,354.20
53	15/04/2015	158,126.08	20,514.02	-	20,514.02	19,196.31	1,317.71	138,929.78	260,671.91
54	15/05/2015	138,929.78	20,514.02	-	20,514.02	19,356.28	1,157.74	119,572.48	261,829.65
55	15/06/2015	119,572.48	20,514.02	-	20,514.02	19,517.58	998.44	100,054.00	262,828.09
56	15/07/2015	100,054.00	20,514.02	-	20,514.02	19,680.23	833.79	80,374.67	263,661.88
57	15/08/2015	80,374.67	20,514.02	-	20,514.02	19,844.23	669.79	60,530.43	264,331.67
58	15/09/2015	60,530.43	20,514.02	-	20,514.02	20,009.60	504.42	40,520.83	264,836.09
59	15/10/2015	40,520.83	20,514.02	-	20,514.02	20,176.35	337.67	20,344.48	265,171.76
60	15/11/2015	20,344.48	20,514.02	-	20,344.48	20,174.95	169.54	0.00	265,341.30

# Appendix 2



P.O. Box 540, Red Deer, Alberta T4N 5G1

# INVOICE

Invoice # 2394  
Date: 12/01/2011

<b>Sold to:</b>
Mustang Well Services Ltd. PO Box 1467 Camrose, Alberta T4V 1X4,

<b>Deliver to:</b>

Business No: 875540569RT0001

Description	Unit Price	Amount
Exercise option to purchase 2010 Rykar Freestanding Service Rig - S/N 2RCR54552A16F8386 as per attached schedule "A" attached		
Initial option price as per agreement		965,500.00
Less 60% of 12 monthly payments		-147,700.94
Less deposit		-21,539.72
Due Date: 12/ 1/2011		
<p><b>ACKNOWLEDGED AND ACCEPTED</b>  <b>SELLER: RYKAR INDUSTRIES LTD.</b>            PER: <u>Beul</u>            BUYER: <u>MUSTANG WELL SERVICES LTD.</u>            PER: _____            DATE: <u>DECEMBER 1/11</u></p>		

Comments:

Sub Total	796,259.34
GST	40,889.95
<b>Total</b>	<b>\$837,149.29</b>

## Schedule A

### **2010 Rykar Freestanding Service Rig** **Serial Number – 2RCR545S2A16F8386**

Engine	-	Series 60 Detroit Diesel
	-	Model 6063HV39
	-	Serial Number 06R1003051
Transmission	-	Allison 4700 OFS
	-	Serial Number 6610251165
	-	Namco Model 256 Gearbox – S/N N07-14010
Draw works	-	Rykar 4210 – 38
	-	Model RK450
	-	S/N RK5441007
Mast	-	Rykar 72' Freestanding Mast
	-	Serial Number RK609-10-10
	-	800' of 1" Drillline
Blocks	-	75 Ton McKissick Dividing Block and Hook
	-	Model 21A
	-	Serial Number 128
Tubing elevators	-	Set of 2 7/8" EUE BVM TA100 Ton – S/N 06611
	-	Set of 2 3/8" EUE BVM TA100 Ton – S/N 06608
Elevator Links	-	Set of King 72" X 1 3/4" – S/N 150T072-7414

# Appendix 3



# INVOICE

Cory Grundberg  
Tofield, AB  
T0B 4J0

**DATE:** Oct 11/11  
**INVOICE #** 79  
**FOR:** *Pump Truck*

**Bill To:**  
Mustang Well Services Ltd  
Box 1467  
Camrose, AB  
T4V 1X4

DESCRIPTION	AMOUNT
Sale of one only 2005 Westernstar T800 pump truck serial number 5KJRALCK55PN28007 with one only Empire E-300 5 X 6 pump serial number LT01-2008-003 and deckage c/w 5 valve manifold 5000#, line pipe and Alberta spec 26m3 rig tank.	400,000.00
<b>TOTAL</b>	<b>\$ 400,000.00</b>

If you have any questions concerning this invoice, contact Cory (780) 722-5342

**THANK YOU FOR YOUR BUSINESS!**



# Appendix 4

PLEASE PRINT CLEARLY

# Bill of Sale

- **Sections 1 and 2 must be completed** in order to make this Bill of Sale acceptable for vehicle registration. Completion of section 3, on the back of this form, is optional.
- Two copies of this Bill of Sale should be completed. The buyer keeps the original and the seller keeps the copy.
- Alterations or corrections made while completing the vehicle information section should be initialled by the buyer and seller.

## SECTION 1

SELLER(S) INFORMATION			
Name(s) <i>(Last, First, Second)</i> KKSJ Enterprises			Telephone Number (780) 717-3322
Address	Street	City / Town	Province / State Postal Code / Zip Code
300-840-6ave SW			Calgary AB T2P 3E5
Personal Identification:			

VEHICLE INFORMATION			
Year	Make	Model or Series	Style
2000		Western Star	Conventional
Vehicle Identification Number (VIN) / Serial Number		Body Color	Roof Color
2WLPCD264XK960579			
Odometer Reading			

BUYER(S) INFORMATION			
Name(s) <i>(Last, First, Second)</i> Mustang Well Services Ltd			Telephone Number (780) 678-2000
Address	Street	City / Town	Province / State Postal Code / Zip Code
Box 1467			Camrose AB T4V 1X4
Personal Identification:			

This vehicle was sold for the sum of:  
 — thirty thousand — Dollars \$ 30,000.00  
*(Sum written in full)*

*(Subject to the terms and special conditions which appear in Section 3 on the back of this form)*

## SECTION 2

Dated at: Camrose AB  
*City / Town Province / State Country*

on Dec-31/09

**I certify that all information shown above is true to the best of my knowledge.**

	
Signature of Buyer	Signature of Seller
	
Signature of Witness	Signature of Witness

# Appendix 5

DIJN

# Alberta Government

VEHICLE DESCRIPTION: Western Star  
 VEHICLE MAKE: Conventional  
 SECTION 2 YEAR: 2000  
 BODY COLOR: White  
 VEHICLE ACCESS CODE (VAC): 06024-6899  
 FUEL: Diesel  
 LICENCED MASS: 29500g  
 UNIT NUMBER: 803  
 BUS CAPACITY: 12  
 REGULATIONS: active  
 SPECIAL CONDITIONS:

VEHICLE STATUS: active  
 VEHICLE IDENTIFICATION NUMBER (VIN): 2WLPCD2G4YK960579  
 LICENCED MASS: 29500g  
 TYPE OF OPERATION: Commercial  
 REGISTRATION NUMBER: R256348699  
 IF LEASED VEHICLE, LEASING COMPANY NAME AND MVID:

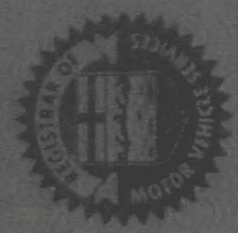
Alberta Government  
 Vehicle Registration Certificate  
 88816405778 Tab Validation Number

MOTOR HOME SUPERSTRUCTURE / SECONDARY PARTS DESCRIPTION  
 MODEL OR SERIES

NAME & ADDRESS OF REGISTRANT(S)  
 TYPE: ORGANIZATION  
 CLIENTS MVID: 0568-75727

LICENCE PLATE NO. CLASS  
 ZYN909 3  
 EXPIRY DATE (Y/M/D) CONTINUOUS

MUSTANG WELL SERVICES LTD  
 PO BOX 1467  
 CAMROSE AB T4V 1X4



This Certificate to be signed on the back by the registrant(s) and presented on demand of a Peace Officer

REGISTRY AGENT  
 0350-43348  
 VALIDATED  
 2018/02/28

ISSUED 2018/02/28  
 MAXIMUM SERVICE AMOUNT \$\*\*\*\*\*592.45

STATE	WEIGHT	REGISTRATION	WEIGHT	REGISTRATION	
AB	29500 KG	BC	29500 KG	NL	29500 KG
NS	29500 KG	ON	29500 KG	SK	29500 KG
AL	65036 LB	AR	65036 LB	CO	65036 LB
				GA	65036 LB
				FL	65036 LB
				TX	65036 LB
				CA	65036 LB
				IA	65036 LB
				MO	65036 LB
				ND	65036 LB
				SD	65036 LB
				WV	65036 LB
				PA	65036 LB
				NY	65036 LB
				VT	65036 LB
				RI	65036 LB
				MA	65036 LB
				CT	65036 LB
				DE	65036 LB
				MD	65036 LB
				DC	65036 LB
				HI	65036 LB
				AK	65036 LB

REG00175 (2)

**VEHICLE DESCRIPTION**  
 VEHICLE MAKE: Western Star  
 MODEL OR SERIES: Conventional  
 VEHICLE STYLE: Truck  
 VEHICLE IDENTIFICATION NUMBER (VIN): 5KJRALCK55PN28007  
 VEHICLE STATUS: active  
 SPECIAL CONDITIONS:

**SECTION 2**  
 YEAR: 2005  
 BODY COLOR: White  
 FUEL: Diesel  
 VEHICLE ACCESS CODE (VAC): 07643-4851  
 LICENCED MASS: 33000a  
 UNIT NUMBER: 802  
 BUS CAPACITY:

**SECTION 1**  
 LICENCE PLATE NO: BBX6054  
 EXPIRY DATE (Y/M/D): CONTINUOUS  
 CLASS: 3  
 TYPE OF OPERATION: Commercial  
 LICENCED MASS: 33000a  
 VEHICLE STATUS: active

ALBERTA GOVERNMENT  
 Vehicle Registration Certificate  
 88806405777 Trip Validation Number

**VEHICLE HOME SUPERSTRUCTURE / SECONDARY PARTS DESCRIPTION**  
 MODEL OR SERIES: MUSTANG WELL SERVICES LTD  
 NAME & ADDRESS OF REGISTRANT(S): PO BOX 1467  
 CAMROSE AB T4V 1X4  
 CLIENT'S IVID: ORGANIZATION  
 0568-75727

**REGISTRY AGENT**  
 LICENCE PLATE NO: BBX6054  
 EXPIRY DATE (Y/M/D): CONTINUOUS  
 CLASS: 3  
 REGISTRY AGENT: 0350-43348  
 VALIDATED: 2018/02/28

IF LEASED VEHICLE, LEASING COMPANY NAME AND IVID:

**ISSUED** 2018/02/28  
**MAXIMUM SERVICE AMOUNT** \$\*\*\*\*\*592.45

TR 4 33000 kg

This Certificate is to be signed on the back by the registrant(s) and presented on demand to a Peace Officer

Vehicle described above has been proportionally registered between the Province of Alberta and other jurisdictions as shown below, at the weight or number of axes indicated. Registration void if altered. At the end of the listing, a series of asterisks is displayed. No jurisdictions are to be listed after the block containing those asterisks.



SERVICE RIG & EQUIPMENT  
SEMI-ANNUAL PREVENTATIVE MAINTENANCE CHECK  
(Copy must be carried in vehicle to support CVIP certificate)

<b>VEHICLE DESCRIPTION</b> VEHICLE MAKE rykar	<b>SECTION 2</b> YEAR 2010	<b>VEHICLE ACCESS CODE (VAC)</b> 10430-8903	<b>VALIDATION NUMBER APPEARING ON YOUR TAB</b> 88805880980
<b>MODEL OR SERIES</b> single	<b>BODY COLOR</b> Yellow	<b>FUEL</b> Diesel	
<b>VEHICLE STYLE</b> Service Rig	<b>LICENCED MASS</b> 39500 kg		<b>VEHICLE STATUS</b> active
<b>VEHICLE IDENTIFICATION NUMBER (VIN)</b> 2RCR545S2A16F8386	<b>UNIT NUMBER</b> 801		
<b>VEHICLE STATUS</b> active	<b>REGULATIONS</b> 12		
<b>SPECIAL CONDITIONS</b> LEASED VEHICLE			
<b>MOTOR HOME SUPERSTRUCTURE / SECONDARY PARTS DESCRIPTION</b> MAKE			
<b>SERIAL NUMBER</b>			
<b>YEAR</b>			

Alberta  
Vehicle Registration  
Certificate

SECTION 1

<b>LICENCE PLATE NO.</b> BBX6043	<b>CLASS</b> 3	<b>LICENCED MASS</b> 39500 kg	<b>VEHICLE STATUS</b> active
<b>EXPIRY DATE (Y/M/D)</b> CONTINUOUS	<b>TYPE OF OPERATION</b> Commercial		
<b>REGISTRATION NUMBER</b> R198427965	<b>IF LEASED VEHICLE, LEASING COMPANY NAME AND MVID</b> Pillar Industries Ltd		
<b>NAME &amp; ADDRESS OF REGISTRANT(S)</b> MUSTANG WELL SERVICES LTD PO BOX 1467 CAMROSE AB T4V 1X4	<b>TYPE:</b> ORGANIZATION	<b>CLIENTS MVID</b> 0568-75727	



This Certificate to be signed on the back by the registrant(s) and presented on demand of a Peace Officer.

REGISTRY AGENT  
0350-43348  
VALIDATED  
2013/09/18

ISSUED 2013/09/18  
MAXIMUM SERVICE AMOUNT

\*\*\*\*\*22.4



# Appendix 6



## ASSIGNMENT, POSTPONEMENT AND SUBORDINATION OF SHARES

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DATED: March 30, 2016

BETWEEN: Haymax Energy Inc. (the "Assignor")

AND: BDC Capital Inc. ("BDC")

AND: MRBD Ltd. (the "Corporation")

**WHEREAS** the Corporation has issued preferred shares to the Assignor having a redemption amount of \$1,897,943.04, which, together with all rights, privileges and advantages arising therefrom, any additional shares or securities of the Corporation which may be issued to or otherwise held by or registered in the name of the Assignor, all interest, dividends or other distributions, whether in cash, kinds or stock, arising therefrom, any amounts payable or paid to the Assignor in respect of a return of capital and all other property that may be received or receivable by or otherwise distributable to the Assignor in respect of, in substitution for, or in exchange for, any of the foregoing, which collectively are herein referred to as the "Shares";

**AND WHEREAS** in the negotiation of a loan of \$2,500,000.00 (the "Loan") made or to be made by BDC in favour of **Mustang Well Services Ltd.** (the "Borrower"), the Assignor agreed to assign, postpone and subordinate to BDC, all of the Assignor's right, title and interest in and to the Shares as collateral security for the payment by the Borrower of the Loan;

**AND WHEREAS** it is and was a condition of the making of the Loan that the Shares and any payments in respect thereof be assigned, postponed and subordinated;


**NOW THIS AGREEMENT WITNESSETH** that in consideration of BDC making the Loan or any part thereof to the Borrower and in consideration of the premises the Assignor does hereby assign, postpone and subordinate, in favor of BDC, all of its right title and interest in and to the Shares together with all advantage and benefit to be derived therefrom and the Corporation and Assignor acknowledge, covenant and agree each with the other and respectively with BDC that (a) the Corporation will not make and the Assignor will not receive any payments on account of the Shares and (b) the Corporation will not repurchase or return any capital in respect of and the Assignor will not redeem or receive any capital in respect of the Shares, in either instance, at any time while the Borrower is indebted to BDC without BDC's prior written consent, which consent may be withheld at BDC's sole discretion.

The Corporation takes notice of this Assignment and covenants and agrees with BDC that, so long as any moneys are owing to BDC under the Loan, it will neither make any payment whatsoever to the Assignor on account of the Shares nor authorize the repurchase or redemption of all or any portion of the Shares without BDC's prior written consent, which consent may be withheld at BDC's sole discretion.

The Assignor acknowledges and agrees that all its rights in respect of the Shares have been assigned to BDC but that the acceptance by BDC of this assignment shall not impose upon BDC any obligation to take any steps to effect the collection of same or to ensure that the Shares do not become statute barred by the operation of any law relating to limitation of actions, or otherwise.


**Executed and Delivered** by the **Assignor** in the presence of:

**Haymax Energy Inc.**

Per:   
Bill Darling

**Executed and Delivered** by the **Corporation** by its authorized signatory(ies):

**MRBD LTD.**

Per:   
Mike Kallal

# Appendix 7



## ASSIGNMENT, POSTPONEMENT AND SUBORDINATION OF SHARES

---

**DATED:** March 30, 2016

**BETWEEN:** **McPhedran Consulting Inc.** (the "Assignor")

**AND:** **BDC Capital Inc.** ("BDC")

**AND:** **MRBD Ltd.** (the "Corporation")

**WHEREAS** the Corporation has issued preferred shares to the Assignor having a redemption amount of \$632,647.60, which, together with all rights, privileges and advantages arising therefrom, any additional shares or securities of the Corporation which may be issued to or otherwise held by or registered in the name of the Assignor, all interest, dividends or other distributions, whether in cash, kinds or stock, arising therefrom, any amounts payable or paid to the Assignor in respect of a return of capital and all other property that may be received or receivable by or otherwise distributable to the Assignor in respect of, in substitution for, or in exchange for, any of the foregoing, which collectively are herein referred to as the "Shares";

**AND WHEREAS** in the negotiation of a loan of \$2,500,000.00 (the "Loan") made or to be made by BDC in favour of **Mustang Well Services Ltd.** (the "Borrower"), the Assignor agreed to assign, postpone and subordinate to BDC, all of the Assignor's right, title and interest in and to the Shares as collateral security for the payment by the Borrower of the Loan;

**AND WHEREAS** it is and was a condition of the making of the Loan that the Shares and any payments in respect thereof be assigned, postponed and subordinated;

**NOW THIS AGREEMENT WITNESSETH** that in consideration of BDC making the Loan or any part thereof to the Borrower and in consideration of the premises the Assignor does hereby assign, postpone and subordinate, in favor of BDC, all of its right title and interest in and to the Shares together with all advantage and benefit to be derived therefrom and the Corporation and Assignor acknowledge, covenant and agree each with the other and respectively with BDC that (a) the Corporation will not make and the Assignor will not receive any payments on account of the Shares and (b) the Corporation will not repurchase or return any capital in respect of and the Assignor will not redeem or receive any capital in respect of the Shares, in either instance, at any time while the Borrower is indebted to BDC without BDC's prior written consent, which consent may be withheld at BDC's sole discretion.

The Corporation takes notice of this Assignment and covenants and agrees with BDC that, so long as any moneys are owing to BDC under the Loan, it will neither make any payment whatsoever to the Assignor on account of the Shares nor authorize the repurchase or redemption of all or any portion of the Shares without BDC's prior written consent, which consent may be withheld at BDC's sole discretion.

The Assignor acknowledges and agrees that all its rights in respect of the Shares have been assigned to BDC but that the acceptance by BDC of this assignment shall not impose upon BDC any obligation to take any steps to effect the collection of same or to ensure that the Shares do not become statute barred by the operation of any law relating to limitation of actions, or otherwise.

**Executed and Delivered** by the **Assignor** in the presence of:

**McPhedran Consulting Inc.**

Per:   
Duncan McPhedran

**Executed and Delivered** by the **Corporation** by its authorized signatory(ies):

**MRBD LTD.**

Per:   
Mike Kallal

# Appendix 8



March 4, 2016

Mustang Well Services Ltd.  
Box 1467 LCD Main  
Camrose, AB T4V 1X4

Attention of: Mr. Royden Wideman and Mr. Michael Kalla

Re: Letter of Offer of financing no. 103555-01 granted to Mustang Well Services Ltd.

Sirs,

On the basis of the preliminary information obtained from the Borrower and subject to the acceptance of the present letter of offer of financing, as amended from time to time (the "Letter of Offer"), BDC Capital Inc. ("BDCC"), a wholly owned subsidiary of Business Development Bank of Canada (the "Bank") is prepared to grant the following financing (the "Financing").

**FINANCING PURPOSE**

Working Capital \$ 2,920,000.00

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**\$ 2,920,000.00**

**FUNDING**

BDCC \$ 2,500,000.00

Shareholder investment \$ 420,000.00

---

**\$ 2,920,000.00**

No change to the Financing purpose or funding may be made without BDCC's prior written consent. The proceeds of the Financing may only be used for this Financing purpose.

The Letter of Offer is open for acceptance until March 14, 2016 (the "Acceptance Date"). Unless the Letter of Offer executed by the Financing Parties is received by BDCC no later than the Acceptance Date, the Letter of Offer shall automatically become null and void.





**BORROWER:** Mustang Well Services Ltd. (the "Borrower")

**GUARANTORS:** KKSr Enterprises Ltd., MRBD Ltd., Complete Oilfield Manufacturing Ltd., Hoedown Equipment Ltd. (or the amalgamated entity arising from the amalgamation of Complete Oilfield Manufacturing Ltd. and Hoedown Equipment Ltd.), Bardovue Rentals Ltd. and Reaction Oilfield Supply (2012) Ltd. jointly and severally (collectively the "Corporate Guarantors")

Royden Wideman and Michael Kallal, jointly and severally (collectively the "Personal Guarantors")

Royden Wideman and Michael Kallal, jointly and severally (collectively the "Conditional Guarantors")

(the Corporate Guarantors, the Personal Guarantors and the Conditional Guarantors are also sometimes collectively referred to herein as the "Guarantors").

**FINANCING AMOUNT:** \$2,500,000.00, in Canadian currency.

**INTEREST RATE:** The Financing and all other amounts owing by the Financing Parties pursuant to the Financing Documents shall bear interest at the following rate:

**Floating Rate**  
BDCC's Floating Base Rate plus a variance (the "Variance") of 4.800% per year. On the date hereof, BDCC's Floating Base Rate is 4.700% per year.

**INTEREST CALCULATION:** Interest shall be calculated daily on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment.

Interest on outstanding principal arrears shall bear interest at the rate applicable to the Financing. Arrears of interest or interest on additional return and other amounts owing by the Financing Parties pursuant to the Financing Documents shall bear interest at the BDCC's Base Rate plus 5%. Furthermore, interest on the annual royalty adjustment amounts will be charged at the BDCC's Base Rate plus 5% when they are rescheduled rather than paid in full when due. In any event, interest on arrears shall be calculated daily and compounded monthly.

**MATURITY DATE:** April 30, 2021 or the date on which the last principal payment hereunder is scheduled to be made, which ever date comes last (the "Maturity Date").

**REPAYMENT:** **Balloon Payment**  
Principal of the Financing shall be payable by way of one balloon payment of \$2,500,000, payable on the Maturity Date.

Interest is payable monthly in arrears on the last day of the month (the "Payment Date") commencing on the next occurring Payment Date following the first advance on the Financing.

On the Maturity Date, all other amounts owing pursuant to the Financing Documents will become due and payable.

**Excess Cash Flow Sweep (ECFS)**

In addition to the scheduled payment as listed hereinabove, principal of the Financing shall be reimbursed by way of annual payments representing 50% of the Excess Available Funds realized by the Borrower payable on April 30th of each year, commencing in April 2017 (the "ECFS Date"). The payments shall be applied on a pro-rata basis of 50% of the payment amount (25% of Excess Available Funds) applied to the principal of the Financing and 50% of the payment amount applied to the principal of the Alberta Treasury Branches term debt.

If any such ECFS payment causes or will cause the Borrower to fail to comply with debt covenants and financial requirements required by the Borrower's operating or term lender, it shall be paid only up to an amount that does not put the Borrower in default with debt covenants and financial requirements required by the Borrower's operating or term lender.

The above calculation will be made on a yearly basis based on the review engagement financial statements of the Borrower and the Corporate Guarantors, established on a combined basis if applicable. If the review engagement financial statements are not delivered to BDCC within 120 days of the Borrower and Corporate Guarantors' fiscal year-end, a payment of \$500,000 will be payable, if required by BDCC in its sole discretion, to BDCC at any time after the 120-day period, again at BDCC's sole discretion, without notice or additional delay. In such event, no subsequent readjustment to such payment shall be permitted.

For the purpose of the present section, "Excess Available Funds" shall mean, with respect to the Borrower and Corporate Guarantors for any period of 12 months (or end of fiscal year):

- a. the sum of net profits;  
**PLUS**
- b. the aggregate of the following:
  - depreciation and/or impairment of assets;
  - discretionary bonuses (as defined below with maximum remuneration);
  - gains or losses from the disposal of assets;
  - gains or losses on debt write-offs;
  - expenses related to stock-based compensation;
  - any expenses related to the assessment of capital stock, such as, without limiting the foregoing the adjustment of the redemption value of preferred shares;
  - any return on preferred shares to be expensed on the income statement; and
  - any other entry outside the ordinary course of business with no impact on cash flow, including without limiting the generality of the foregoing, any impact of the transition to new accounting standards;**MINUS**
- c. the aggregate of the following:
  - the normal current portion of the long-term debt and leases paid during the



year; and

- 100% of permitted unfunded capital expenditures incurred during the year.

Interest is payable monthly in arrears on the Payment Date commencing on the next occurring Payment Date following the first advance on the Financing.

On the Maturity Date, the principal and interest balance of the Financing and all other amounts owing pursuant to the Financing Documents shall be due and payable.

**PREPAYMENT:**

The Borrower may prepay at any time all or part of the outstanding principal provided that the Borrower pays to BDCC:

- (i) the full or partial amount of the Financing, as applicable,
- (ii) all interest, any fixed component of the additional return and any other expenses then due, and
- (iii) the Prepayment Bonus.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

The occurrence of any event of default listed in Schedule A – Section V resulting in BDCC demanding repayment of the Financing prior to the Maturity Date will be deemed to be a prepayment, and the Borrower will pay to BDCC:

- (iv) the outstanding balance of the Financing,
- (v) all interest, any fixed component of the additional return and any other expenses then due, and
- (vi) the Prepayment Bonus.

Notwithstanding any event of default or any prepayment of the Financing, in whole or in part, prior to the Maturity Date, any variable component of the additional return of the Financing (bonus, royalties or other) remains payable when due, as herein set forth, until maturity as if the Financing had not been repaid or deemed to be repaid prior to the Maturity Date and all obligations related thereto as well as any security granted in connection therewith shall remain in full force and effect until all such obligations are fully satisfied, whether such obligations arise from the present agreement or from any security granted in connection thereto.

**ADDITIONAL RETURN: Bonus Equity**

In addition to the other payments herein set forth, the Borrower and the Corporate Guarantors shall pay to BDCC an additional compensation premium in the form of a bonus (the "Bonus Equity") which shall represent 6% of the Borrower's combined value, as defined hereunder.

BDCC shall be entitled, in its sole discretion, to demand payment of the Bonus Equity, and the Borrower and the Corporate Guarantors shall pay BDCC said Bonus Equity upon the occurrence of any of the following events of payment (a "Bonus Equity Event"):

- a) the original or amended Maturity Date or any prepayment date;

- b) an event of default by the Borrower or the Guarantors pursuant to the terms hereof or any security document related thereto executed by the Borrower or the Guarantors;
- c) the merger or amalgamation of the Borrower or the Corporate Guarantors with a corporation, partnership or legal entity dealing at arm's length;
- d) the sale of (i) 50% and more of the issued and outstanding voting shares from the share capital of the Borrower or of the Corporate Guarantors, or (ii) a substantial (50% and more of the value of the assets) part of the assets of the Borrower or of the Corporate Guarantors in favour of a third party dealing at arm's length;
- e) a Change of Control of the Borrower or the Corporate Guarantors;
- f) the listing of the Borrower or the Corporate Guarantors directly or indirectly on a stock exchange.

Borrower's combined value means the highest value determined by BDCC, in its sole discretion, calculated as follows:

- a) 4.0 times the combined EBITDA of the Borrower and the Corporate Guarantors for the last financial year from the Bonus Equity Event;
- b) 4.0 times the average combined EBITDA of the Borrower and the Corporate Guarantors for the last two most recent financial years from the Bonus Equity Event;
- c) the fair market value of the Borrower and the Corporate Guarantors calculated on the basis of the valuation used at the time of the asset or the share purchase transaction of the Borrower and the Corporate Guarantors; or
- d) the market valuation at the time the Borrower or the Corporate Guarantors directly or indirectly becomes listed on a stock exchange.

Notwithstanding any event of default or any prepayment of the Financing, in whole or in part, prior to the Maturity Date, the Bonus Equity remains payable as when due, as hereinabove set forth, as if the Financing had not been repaid or deemed to be repaid prior to the Maturity Date and all obligations related thereto as well as any security granted in connection therewith shall remain in full force and effect until all such obligations are fully satisfied, whether such obligations arise from the present agreement or from any security granted in connection thereto.

Subject to BDCC's sole discretion to demand payment as at the Bonus Equity Event, the Bonus Equity will become due and payable at Maturity Date.

**SECURITY:**

As collateral security for the fulfilment of all present and future obligations of the Borrower and the Corporate Guarantors, each Financing Parties, as applicable, shall provide BDCC with the following security or guarantees (collectively the "Security"), namely:

- a) A General Security Agreement, granting a general and continuing security interest in all of the Borrower's and Corporate Guarantors' present and after acquired personal property and, without limiting the foregoing, on all present and future assets of the Borrower and Corporate Guarantors related to intellectual property of the Borrower and Corporate Guarantors including, without limitation, patents, trademarks, domain names, source codes, licences and any other forms of intellectual property including those already known (the "Intellectual Property"). This security interest shall rank in first position with respect to the Intellectual Property but subordinated in rank to any other security granted: i) on receivables and inventory in favour of the financial institution financing the Borrower's and the Corporate Guarantors' line of credit for its daily operations, ii) previously to financial institutions but except Intellectual Property and iii) on specific assets in connection with the financing of equipment needed by the Borrower and the Corporate Guarantors in the normal course of its business;
- b) A duly executed guarantee for an unlimited amount pursuant to the Financing Documents from the Corporate Guarantors, in a form substantially similar to the draft guarantee annexed hereto as Schedule B;
- c) Duly executed conditional personal guarantees for 100% of the amount due pursuant to the Financing Documents from the Conditional Guarantors, in a form substantially similar to the draft conditional guarantee annexed hereto as Schedule C;
- d) A duly executed joint and several personal guarantee limited to 25% of the amount due pursuant to the Financing Documents from the Personal Guarantors, in a form substantially similar to the draft personal guarantee annexed hereto as Schedule D;
- e) Assignment to BDCC of a First to Die Life Insurance policy owned by the Borrower on the lives of Royden Wideman and Michael Kallal in the coverage amount of \$2,500,000 with BDCC also named as beneficiary thereof. Such assignment may be delivered to BDCC no later than 45 days following the disbursement of the Financing;
- f) A duly executed assignment, postponement and subordination agreement in favour of BDCC with respect to any amount of capital and interest payments from received loans or issued notes in whole owed by the Borrower and the Corporate Guarantors to any of its shareholders or any other parties as applicable;
- g) A duly executed assignment, postponement and subordination agreement in

favour of BDCC by the holders of any preferred shares or redeemable shares held in MRBD Ltd. in whole for shares issued or to be issued;

- h) A duly executed copy of the memorandum of understanding, with respect to the methods used for establishing the EBITDA and the Excess Available Funds in a form substantially similar to the draft agreement annexed hereto as Schedule E;
- i) Under terms and conditions satisfactory to BDCC, BDCC will agree to execute a Standstill Agreement with the senior lender extending operating credit for the Borrower insofar as this agreement provides that BDCC shall agree to stay all proceedings engaged in view of realizing upon its security for a period of 90 days of receipt of a notice of default providing that the senior lender has not commenced enforcement action;
- j) such other documents as BDCC may reasonably request in order to register and/or to perfect the Security to be granted to BDCC as provided hereunder.

All security documents shall be in form and substance satisfactory to BDCC and prepared by BDCC's legal counsel.

**CONDITIONS  
PRECEDENT TO  
DISBURSEMENT:**

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the entire satisfaction of BDCC:

Receipt by BDCC of:

- The Security in form and substance satisfactory to BDCC, registered as required to perfect and maintain the validity and rank of the Security, and such certificates, authorizations, resolutions and legal opinions as BDCC may reasonably require, including legal opinions on the existence and corporate capacity of the Financing Parties as well as on the validity and enforceability of the Security;
- Written evidence, including evidence of payment, attesting that the Financing Parties have obtained all the other sources of financing, as applicable, on terms acceptable to BDCC, acting reasonably;
- Financial and other information relating to each Financing Party and their businesses as BDCC may reasonably require, including, without limiting the foregoing, for any disbursement occurring more than ninety (90) days after year end, the Borrower and Corporate Guarantors will provide BDCC with review engagement annual financial statements and the certificate of conformity relating to the operating line of credit of the Borrower provided to the banker or the short-term lender.

The Financing will be made available in 2 tranches. Tranche 1 of \$1,500,000 will be disbursed subject to the following Conditions Precedent:

- Evidence that the Borrower and Corporate Guarantors have obtained covenant relief and a re-amortization of existing equipment term facilities owed to Alberta Treasury Branches including amortization of the existing facility or facilities over 90 months for

approximate required principal payments of \$1,400,000 per year, satisfactory to BDCC in its sole discretion. In addition, Alberta Treasury Branches will defer principal payments on the outstanding term debt for a minimum of 12 months commencing from the disbursement of the Financing;

- Satisfactory line of credit agreement of no less than a) \$4,250,000 in margined availability, and b) an additional \$1,800,000 in margin free availability, from a senior lender on terms and conditions satisfactory to BDCC;
- The Borrower must provide review engagement financial statements for Mustang Well Services Ltd. as of December 31, 2015 which show, in BDCC's sole opinion, no Material Adverse Change in the financial position since the internal year-end financial statements representing the same period. These financial statements must report:
  - a. Revenue exceeding \$20,000,000;
  - b. Net profit exceeding \$200,000;
  - c. EBITDA exceeding \$2,700,000; and
  - d. Working Capital of not less than -\$1,700,000;
- To its sole satisfaction, BDCC to conduct key supplier and key customer calls prior to funding. Contacts must be satisfactory to BDCC in its sole opinion;
- Evidence of the corporate amalgamation of Complete Oilfield Manufacturing Ltd. and Hoedown Equipment Ltd.;
- Evidence of an additional shareholder injection of \$420,000 from Royden Wideman with verification of source of funds;
- Receipt and review satisfactory to BDCC an independent review of commercial insurance conducted by a third party;
- Evidence to the sole satisfaction of BDCC of the ability of the shareholders of Mustang Well Services Ltd. to maintain a total debt servicing ratio of 45% under BDCC's remuneration limits; and
- A duly executed copy of the memorandum of understanding, with respect to the methods used for establishing the EBITDA and the Excess Available Funds.

Completion to the satisfaction of BDCC of the following events:

- Legal due diligence of the Financing Parties.

Furthermore, without limiting the foregoing:

No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower and the Corporate Guarantors shall provide updated in-house financial statements together with compliance certificate provided to the chartered bank or

operating lender; never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the combined financial situation of the Borrower and the Corporate Guarantors since the last review engagement financial statements submitted to BDCC and the internal financial statements submitted to BDCC at the time of authorization.

Tranche 2 of \$1,000,000 will be disbursed no earlier than June 1, 2016 subject to the following conditions:

- 1) Advance of Tranche 1 Funds;
- 2) Compliance with all Underlying Conditions, including but not limited to financial covenants on a current and pro-forma basis;
- 3) No Material Adverse Change in financial position of the Borrower or Corporate Guarantors;
- 4) Receipt and review of interim financial statements no older than 60 days, subject to a minimum requirement for a financial statement dated no earlier than April 30, 2016.

All the representations and warranties made by the Borrower or the Corporate Guarantors and its representatives shall be true and exact as at the date of any disbursement of the Financing and a certificate to that effect must be signed by the Borrower and the Corporate Guarantors and its representatives prior to any such disbursement.

The Borrower and the Corporate Guarantors shall have transferred in favour of BDCC all the rights which the Borrower and the Corporate Guarantors holds in any all-risk insurance, including fire insurance, policies affecting its assets, BDCC being designated by the Borrower and the Corporate Guarantors as loss payee on such policies for the full amount of the Financing.

The Financing Parties shall not be (i) in default pursuant to the terms of any other contract, agreement or obligation entered into or executed in favour of BDCC nor (ii) in default under any other agreement with any third party for the granting of a loan or other financial assistance.

**UNDERLYING  
CONDITIONS:**

So long as any amount owing pursuant to the Financing Documents remains unpaid, the following conditions shall be met:

- a) Requested documents:
  - (i) Mustang Well Services Ltd., KKS Enterprises Ltd., and Reaction Oilfield Supply (2012) Ltd. shall remit to BDCC annual review engagement financial statements on a separate basis. MRBD Ltd., Bardovue Rentals Ltd., and Complete Oilfield Manufacturing Inc. shall remit to BDCC annual notice to reader financial statements on a separate basis. Mustang Well Services Ltd. shall also provide combined notice to reader financial statements. All annual statements are to be provided within



- 120 days after the end of their respective financial year;
- (ii) Mustang Well Services Ltd. shall remit to BDCC its internal financial statements, on a quarterly basis, on a separate basis, and combined, within 30 days after the end of each quarter;
  - (iii) The quarterly internal financial statements remitted to BDCC shall have a comparative section with the results of the corresponding period of the last financial year;
  - (iv) Each of the Financing Parties which is an individual shall remit upon request to BDCC an up-to-date personal net worth statement using the BDCC's Statement of Personal Affairs;
  - (v) Each of the Borrower and the Corporate Guarantors shall remit further to any change in the enterprise or upon request to BDCC (i) a corporate ownership chart, (ii) an organizational chart and (iii) an updated list of employees reporting to the President and CEO;
  - (vi) Each of the Borrower and the Corporate Guarantors shall remit annually to BDCC a listing of all aged accounts payable and accounts receivable with a copy of the approved annual budget;
- b) Each of the Financing Parties must provide BDCC, as quickly as possible, with the financial statements and reports and any other financial information that BDCC may reasonably require from time to time;
- c) The Borrower and the Corporate Guarantors agree to limit the present remuneration program in favor of Royden Wideman and Michael Kallal, including all of the respective immediate family members, to no greater than \$440,000 per annum in aggregate. Total remuneration program includes salaries, dividends, bonuses and other advantages;
- d) The Borrower and Corporate Guarantors agree to a maximum funded and unfunded limit on capital expenditures, in aggregate, of \$250,000 per annum on a combined basis; and
- e) Payments to Integra Laboratory Services Ltd. from the Borrower or Corporate Guarantors shall be for bona fide services only and shall not exceed \$125,000 per annum in aggregate unless express consent is granted by BDCC.

In addition, so long as any amount owing under or pursuant to this Letter of Offer or any other Financing Document remains unpaid, the financial ratios mentioned below must be met at all time by each of the Borrower or the Corporate Guarantors, on a combined basis:

- a) A minimum Working Capital ratio of 0.90:1 increasing to 1.05:1 following the advance of Tranche 2; and
- b) A Term Debt to Tangible Equity Ratio of a maximum of 1.15:1 reducing to 1.10:1 following the advance of Tranche 2.

The above mentioned ratios shall be calculated on the basis of the combined financial statements of the Borrower and the Corporate Guarantors.



**DISBURSEMENT:**

Unless otherwise authorized and except for refinancing of BDCC loans, funds will be disbursed to BDCC's legal counsel who will confirm to BDCC the execution, delivery and registration of the security. The latter may, if they have provided their final invoicing concurrently with the above confirmation, pay it from the disbursed funds. Any subsequent fees or disbursement shall be collected directly from the Borrower.

BDCC may cancel any portion of the Financing which has not been disbursed after six months from March 4, 2016 (the "Authorization Date").

**FEES:**

**Cancellation Fee**

Unless the Financing has been disbursed by March 4, 2017 (the "Lapsing Date"), the Borrower and the Corporate Guarantors shall pay BDCC a cancellation fee of \$75,000, provided, however, that BDCC shall have the right to extend the Lapsing Date in its sole and entire discretion without notice to or consent from the Borrower and the Corporate Guarantors.

In case of partial disbursement not already provided for in this Letter of Offer, any part of the Financing that has not been disbursed by the Lapsing Date will be cancelled. If more than 50% of the Financing is cancelled, the Borrower and the Corporate Guarantors shall pay a prorated part of the above stated cancellation fee proportionate to the percentage of the Financing cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDCC's damages should the Financing be cancelled or allowed to lapse in whole or in part.

**Standby Fee**

Commencing 6 months after the Authorization Date, the Borrower and the Corporate Guarantors shall pay BDCC a non-refundable standby fee calculated at a rate of 3.00% per annum on the portion of the Financing which has not been advanced. This fee shall be calculated daily and be payable in arrears commencing on the next occurring Payment Date and on each Payment Date thereafter.

**Financing Management Fee**

The Borrower and the Corporate Guarantors shall pay BDCC a non-refundable management fee of \$200.00 per month. This management fee is payable on the date of the first Payment Date following the advance of the Financing and thereafter on each monthly anniversary of such first advance, until the Maturity Date.

**Legal Fees and Expenses**

The Borrower and the Corporate Guarantors shall pay all legal fees and expenses of BDCC incurred in connection with the Financing and the Financing Documents including the enforcement of the Financing and the Financing Documents. All legal fees and expenses of BDCC in connection with any amendment or waiver related to the foregoing shall also be for the account of the Borrower and the Corporate Guarantors.

The Borrower's and the Corporate Guarantors' obligation to indemnify BDCC under this Section continues before and after default and notwithstanding repayment of the Financing or discharge of any part or all of the Security.

**REPRESENTATIONS AND WARRANTIES:**

The Borrower and the Corporate Guarantors make the representations and warranties in Schedule A – Section III. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Financing Parties pursuant to the Financing Documents.

**COVENANTS:**

So long as any amount owing pursuant to the Financing Documents remains unpaid, each Borrower and the Corporate Guarantors shall perform the covenants set forth in Schedule "A" – Section IV.

Without limiting the above, the Borrower and the Corporate Guarantors will notify the BDCC of its intent to use IFRS and acknowledges, by undertaking to sign the resulting amended forms or contracts, that there may be modifications required to the calculation of EBITDA, Excess Available Funds, required ratios and to other pertinent calculations to ensure the spirit of the underlying conditions is maintained.

**EVENTS OF DEFAULT:**

The occurrence of any of the events listed in Schedule A – Section V constitutes an event of default under the Letter of Offer. If a default occurs, any obligation of BDCC to make any advance, shall, at BDCC's option, terminate and BDCC may, at its option, demand immediate payment of the Financing and enforce any security, the whole without any prejudice to the covenants of the Financing Parties to pay the Royalties, the Bonus on Sale, the Bonus Equity or the Prepayment Bonus, as applicable, if a portion of the Financing has been disbursed before the occurrence of the default justifying the application of this paragraph.

**CONFLICTS:**

The Financing Documents constitute the entire agreement between BDCC and the Financing Parties. To the extent that any provision of the Financing Documents is inconsistent with or in conflict with the provisions of the Letter of Offer, the provisions of the Letter of Offer shall govern.

**INDEMNITY:**

The Borrower and the Corporate Guarantors shall indemnify and hold BDCC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDCC by reason of or relating directly or indirectly to the Financing Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDCC.

**SCHEDULES:**

All Schedules have been inserted after the signature page and form an integral part of the Letter of Offer.

**DEFINITIONS:**

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A"- Section I or Section II or are defined elsewhere in the text of the Letter of Offer.

**GOVERNING LAW:**

The Letter of Offer shall be governed by and construed in accordance with the laws of the province of Alberta and the laws of Canada applicable therein. Any claim or suit for any



reason whatsoever under this Letter of Offer shall be brought in the judicial district of Calgary, province of Alberta, Canada, at the exclusion of any other judicial district which may have jurisdiction over such dispute as prescribed by law.

**SUCCESSORS AND ASSIGNS:**

The Letter of Offer shall be binding on and enure to the benefit of each Financing Party and BDCC and their respective successors and assigns. No Financing Party shall have the right to assign, in whole or in part, its rights and obligations under or pursuant to the Financing Documents without BDCC's prior written consent.

**ACCEPTANCE**

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDCC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with James Robertson at (780) 495-7594.

This 10 day of March 2016.

**BDC CAPITAL INC.**

By:

James Robertson  
Director, Growth & Transition Capital

By:

Matt Kellow  
Managing Director, Growth & Transition Capital



**CONSENT AND ACCEPTANCE**

Each Financing Party hereby accepts the foregoing terms and conditions set forth above and in all attached Schedules.

Signed this 14<sup>th</sup> day of March 2016.


**BORROWER:**

**MUSTANG WELL SERVICES LTD.**

By: 

**CORPORATE GUARANTORS:**


**KKSER ENTERPRISES LTD.**

By: 


**MRBD LTD.**

By: 

**COMPLETE OILFIELD MANUFACTURING LTD.**

By: 

**HOEDOWN EQUIPMENT LTD.**


By: 



**BARDOVUE RENTALS LTD.**

By: 

**REACTION OILFIELD SUPPLY (2012) LTD.**

By: 

**PERSONAL GUARANTORS:**

By:   
ROYDEN WIDEMAN

By:   
MICHAEL KALLAL

**CONDITIONAL GUARANTORS:**

By:   
ROYDEN WIDEMAN

By:   
MICHAEL KALLAL

# Appendix 9



# GUARANTEE

**GUARANTOR:** KKSR Enterprises Ltd., MRBD Ltd., Complete Oilfield Manufacturing Inc., Bardovue Rentals Limited, and Reaction Oilfield Supply (2012) Ltd. the "Guarantor"

**CREDITOR:** BDC Capital Inc. "BDC"

**DEBTOR:** Mustang Well Services Ltd. the "Borrower"

**DEBT:** \$2,500,000.00 the "Principal Sum"

**1. LIMIT OF LIABILITY:** Unlimited the "Limited Amount"

or

*K RSW*  
**2. LIMIT OF LIABILITY:**            % of the Outstanding Balance on the date BDC demands payment under this guarantee  the "Limited Amount"

**DATED:** April 11, 2016

**BDC BUSINESS CENTRE:** Alberta the "Governing Jurisdiction" (Province/Territory)

**IN CONSIDERATION** of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

- DEBT AND SECURITY**  
In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read

*RSW*  
*K*



all of the Loan Security held by BDC as of the date of this guarantee.

**2. GUARANTEE**

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

**3. LIABILITY AS PRINCIPAL DEBTOR**

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

**4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER**

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;
- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;

(h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;

(i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and

(j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

**5. SUBROGATION**

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

**6. RELEASE**

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

**7. PAYMENT AND REMEDYING DEFAULTS**

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

**8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS**

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

**9. CHANGES MUST BE IN WRITING**

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

**10. JOINT AND SEVERAL LIABILITY**

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

*Handwritten initials: KRW and M*

**11. JURISDICTION**

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

**12. ASSIGNS**

This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. BDC may assign this guarantee.

**13. COUNTERPARTS**

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

**Executed, Sealed and Delivered by**

**KKSR Enterprises Ltd.**

by its authorized signatory(ies):

  
\_\_\_\_\_  
Authorized signatory

  
\_\_\_\_\_  
Authorized signatory

**MRBD Ltd.**

by its authorized signatory(ies):

  
\_\_\_\_\_  
Authorized signatory

  
\_\_\_\_\_  
Authorized signatory

**Complete Oilfield Manufacturing Inc.**

by its authorized signatory(ies):

  
\_\_\_\_\_  
Authorized signatory


  
\_\_\_\_\_  
Authorized signatory

**Bardovue Rentals Limited**  
by its authorized signatory(ies):

  
\_\_\_\_\_  
Authorized signatory

  
\_\_\_\_\_  
Authorized signatory

**Reaction Oilfield Supply (2012) Ltd.**  
by its authorized signatory(ies):

  
\_\_\_\_\_  
Authorized signatory

\_\_\_\_\_  
Authorized signatory

# Appendix 10



# GENERAL SECURITY AGREEMENT

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THIS AGREEMENT dated April 14, 2016.

FROM:

**MRBD LTD.**

(the "Corporate Guarantor")

TO:

**BDC CAPITAL INC.**, a wholly owned subsidiary of Business Development Bank of Canada, a crown corporation incorporated under the Business Development Bank of Canada Act, and having its head office in Montreal, Quebec, with an office at 110, 444 – 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 0X8

("BDC")

## 1. SECURITY INTEREST

(You, as the Corporate Guarantor, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Corporate Guarantor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Corporate Guarantor's present and after acquired personal property including, without limitation:
  - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
  - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
  - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Corporate Guarantor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
  - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal

property, of the Corporate Guarantor that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Corporate Guarantor (all of which is hereinafter collectively called the "Intellectual Property");
- (vi) all the Corporate Guarantor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Corporate Guarantor, and all other intangible property of the Corporate Guarantor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
- (vii) the personal property described in Schedule A attached to this Security Agreement;
- (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;

(b) grants to BDC a general and continuing security interest and charges by way of a floating charge:

- (i) all of the Corporate Guarantor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
- (ii) all of the undertaking and assets of the Corporate Guarantor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

## 2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Corporate Guarantor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Corporate Guarantor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Corporate Guarantor.

## 3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Corporate Guarantor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Corporate Guarantor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Corporate Guarantor confirms that there has been no agreement between the Corporate Guarantor and BDC to postpone the time for attachment of the Security Interests and that it is the Corporate Guarantor's understanding that BDC intends the Security Interests to attach at the same time.

#### **4. PURCHASE MONEY SECURITY INTEREST**

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Corporate Guarantor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

#### **5. OBLIGATIONS SECURED**

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Corporate Guarantor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Corporate Guarantor to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Corporate Guarantor to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Corporate Guarantor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Corporate Guarantor guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Corporate Guarantor to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

#### **6. REPRESENTATIONS AND WARRANTIES**

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

##### **6.1 The Corporate Guarantor represents and warrants to BDC that:**

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Corporate Guarantor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Corporate Guarantor has provided a written memorandum to BDC accurately setting forth all prior names under which the Corporate Guarantor has operated;



- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Corporate Guarantor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Corporate Guarantor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Corporate Guarantor, in which a decision adverse to the Corporate Guarantor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Corporate Guarantor; and the Corporate Guarantor agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Corporate Guarantor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Corporate Guarantor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Corporate Guarantor, if the Corporate Guarantor is a corporation, or, if the Corporate Guarantor is a partnership, of the partners of the Corporate Guarantor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Corporate Guarantor's obligations valid and there is no restriction contained in the constating documents of the Corporate Guarantor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Corporate Guarantor to borrow money or give security; and
- (k) the Corporate Guarantor's place(s) of business and chief executive office are correctly described in Schedule A.

## **7. COVENANTS OF THE CORPORATE GUARANTOR**

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and

records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Corporate Guarantor covenants with BDC that while this Security Agreement remains in effect the Corporate Guarantor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Corporate Guarantor shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
  - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
  - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Corporate Guarantor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Corporate Guarantor, including for:
  - (i) inspecting the Collateral;
  - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Corporate Guarantor's obligations, whether or not relating to this Security Agreement;
  - (iii) complying with any disclosure requirements under the Act;
  - (iv) investigating title to the Collateral;
  - (v) taking, recovering, keeping possession and disposing of the Collateral;
  - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
  - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
  - (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets.

Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;

- (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);
- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
  - (i) any change in the information contained in this Security Agreement relating to the Corporate Guarantor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
  - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Corporate Guarantor respecting any Accounts;
  - (v) any claims against the Corporate Guarantor including claims in respect of the Intellectual Property or of any actions taken by the Corporate Guarantor to defend the registration of or the validity of or any infringement of the Intellectual Property;
  - (vi) the return to or repossession by the Corporate Guarantor of Collateral that was disposed of by the Corporate Guarantor; and
  - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Corporate Guarantor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Corporate Guarantor will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Corporate Guarantor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:

- (i) leases, licences, undertakings, and any other agreements to which it is a party;
  - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:
- (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
  - (iii) all financial statements prepared by or for the Corporate Guarantor regarding the Corporate Guarantor's business;
  - (iv) such information concerning the Collateral, the Corporate Guarantor and the Corporate Guarantor's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Corporate Guarantor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Corporate Guarantor and all registrations relating to the Security Agreement have been discharged.

## **8. INSURANCE**

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Corporate Guarantor covenants that while this Security Agreement is in effect the Corporate Guarantor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.

- 8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Corporate Guarantor to repair, replace or rebuild, but any release of insurance proceeds to the Corporate Guarantor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Corporate Guarantor will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Corporate Guarantor's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Corporate Guarantor authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Corporate Guarantor fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

**9. OTHER PROHIBITIONS**

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Corporate Guarantor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Corporate Guarantor is a corporation:
  - (i) issue, purchase or redeem its shares;
  - (ii) change its voting control;
  - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
  - (iv) declare or pay any dividends on any of its shares; or
  - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

**10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL**

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Corporate Guarantor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Corporate Guarantor is not in default under this Security Agreement the Corporate Guarantor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Corporate Guarantor holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

#### 11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Corporate Guarantor fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Corporate Guarantor to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

#### 12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Corporate Guarantor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Corporate Guarantor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

#### 13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

#### 14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Corporate Guarantor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Corporate Guarantor and BDC in any of the following events:

- (a) the Corporate Guarantor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Corporate Guarantor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Corporate Guarantor to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or

- (c) the Corporate Guarantor or a guarantor of the Corporate Guarantor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Corporate Guarantor or a guarantor of the Corporate Guarantor; or
- (f) the Corporate Guarantor or a guarantor of the Corporate Guarantor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Corporate Guarantor is a corporation and any member or shareholder:
  - (i) commences an action against the Corporate Guarantor; or
  - (ii) gives a notice of dissent to the Corporate Guarantor in accordance with the provisions of any governing legislation; or
- (i) if the Corporate Guarantor is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Corporate Guarantor uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Corporate Guarantor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Corporate Guarantor enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Corporate Guarantor is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Corporate Guarantor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Corporate Guarantor; or
- (p) the Corporate Guarantor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Corporate Guarantor or to be incorporated into any of its assets, or the Corporate Guarantor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a

responsible authority; or

- (q) any permit, license, certification, quota or order granted to or held by the Corporate Guarantor is cancelled, revoked or reduced, as the case may be, or any order against the Corporate Guarantor is enforced, preventing the business of the Corporate Guarantor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Corporate Guarantor's business; or
- (r) if an individual, the Corporate Guarantor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Corporate Guarantor mortgages to BDC all of the Corporate Guarantor's estate and interest in the Real Property.

## 15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Corporate Guarantor is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Corporate Guarantor's premises at any time and take possession of the Collateral with power to exclude the Corporate Guarantor, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Corporate Guarantor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Corporate Guarantor and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:



- (a) carry on the Corporate Guarantor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Corporate Guarantor's creditors or a proposal on behalf of the Corporate Guarantor under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Corporate Guarantor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Corporate Guarantor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
  - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
  - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

**16. GENERAL PROVISIONS PROTECTING BDC**

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Corporate Guarantor of any obligations or covenants imposed upon the Corporate Guarantor nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Corporate Guarantor waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.
- 16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Corporate Guarantor or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the

Receiver by this Security Agreement.

- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Corporate Guarantor, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Corporate Guarantor and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Corporate Guarantor shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of BDC and any obligation of the Corporate Guarantor arising under any other agreements between BDC and the Corporate Guarantor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Corporate Guarantor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Corporate Guarantor shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Corporate Guarantor and any legal fees, commitment fees, standby fees or administration fees owing by the Corporate Guarantor shall be secured by the Collateral.
- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Corporate Guarantor shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Corporate Guarantor now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Corporate Guarantor shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Corporate Guarantor agrees that BDC may bring action against the Corporate Guarantor for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

**17. APPOINTMENT OF ATTORNEY**  
(You appoint BDC your attorney for specific matters.)

The Corporate Guarantor irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Corporate Guarantor for and in the name of the Corporate Guarantor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Corporate Guarantor is obliged to sign, endorse or execute and generally to use the name of the Corporate Guarantor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Corporate Guarantor subsequent to the execution hereof.

**18. CONSOLIDATION**  
(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

**19. NO OBLIGATION TO ADVANCE**

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Corporate Guarantor to BDC.

**20. WAIVER**

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Corporate Guarantor to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

**21. NOTICE**

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

**22. EXTENSIONS**

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Corporate Guarantor, the Corporate Guarantor's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Corporate Guarantor's liability or BDC's right to hold and realize on the Security Interests.

**23. NO MERGER**

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Corporate Guarantor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

**24. RIGHTS CUMULATIVE**

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Corporate Guarantor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Corporate Guarantor and BDC that may be in effect from time to time.

**25. ASSIGNMENT**

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Corporate Guarantor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Corporate Guarantor agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Corporate Guarantor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

**26. SATISFACTION AND DISCHARGE**

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Corporate Guarantor to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Corporate Guarantor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Corporate Guarantor and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Corporate Guarantor shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Corporate Guarantor, or of any guarantor or covenantor with respect to any Obligations.

**27. ENVIRONMENT**

The Corporate Guarantor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Corporate Guarantor's business or assets including without limitation the Collateral;
- (f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Corporate Guarantor and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;

- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Corporate Guarantor's obligations in this Clause 27.

## **28. ENUREMENT**

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Corporate Guarantor and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

## **29. INTERPRETATION**

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the *Personal Property Security Act* of the jurisdiction in which the business centre of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Corporate Guarantor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

## **30. COPY OF AGREEMENT AND FINANCING STATEMENT**

The Corporate Guarantor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

## **31. TIME**

Time shall in all respects be of the essence.

## **32. INDEPENDENT ADVICE**

The Corporate Guarantor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

## **33. SASKATCHEWAN LAW**

If the Corporate Guarantor is a corporation, the Corporate Guarantor agrees as follows:

- (a) that the *Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in the *Land Contracts (Actions) Act* of Saskatchewan, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Corporate Guarantor.

**34. PARENTHETICAL COMMENTS**

The Corporate Guarantor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

**35. THE LOAN AGREEMENT**

If the Corporate Guarantor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Corporate Guarantor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

**IN WITNESS WHEREOF** the Corporate Guarantor has executed this Security Agreement.

) MRBD LTD.  
 ) by its authorized signatory(ies)  
 )  
 )  
 ) per:   
 )  
 )  
 ) per:   
 )


**AFFIDAVIT OF OFFICER OF CORPORATION**

CANADA  
PROVINCE OF  
TO WIT:

) I, m. hr Kallal  
) of the City of Edmonton  
) in the Province of Alberta

**MAKE OATH AND SAY:**

1. That I am the Director of the Corporate Guarantor.
2. That I subscribed my name to the annexed agreement in my capacity as Director / CEO, an officer of the Corporate Guarantor as aforesaid.
3. That I am one of the persons duly authorized to subscribe my name as aforesaid.

SWORN before me at the City of \_\_\_\_\_ )  
Edmonton, in the Province of \_\_\_\_\_ )  
Alberta, this 11 )  
 day of April, 2016. ) 

\_\_\_\_\_  
 A Commissioner for Oaths/Notary Public  
 in and for the Province of Alberta  
 My commission expires: N/A

**WESLEY M. PEDRUSKI**  
 BARRISTER & SOLICITOR  
 Commissioner for Oaths in and **AFFIDAVIT OF EXECUTION**  
 for the Province of Alberta

CANADA  
PROVINCE OF  
TO WIT:

) I, \_\_\_\_\_  
) of the City of \_\_\_\_\_  
) in the Province of \_\_\_\_\_

**MAKE OATH AND SAY:**

1. That I was personally present and did see the within instrument executed by \_\_\_\_\_ of the parties thereto.
2. That the said instrument was executed at the \_\_\_\_\_ of \_\_\_\_\_ aforesaid.
3. That I know the said party(ies) and am satisfied that she/he is (they are each) of the full age of eighteen/nineteen years.
4. That I am a subscribing witness to the said instrument and duplicate.

SWORN before me at the \_\_\_\_\_ of \_\_\_\_\_ )  
 \_\_\_\_\_, in the Province of \_\_\_\_\_ )  
 \_\_\_\_\_, this \_\_\_\_\_ )  
 day of \_\_\_\_\_, 2016. ) \_\_\_\_\_

\_\_\_\_\_  
 A Commissioner for Oaths/Notary Public  
 in and for the Province of \_\_\_\_\_  
 My commission expires: \_\_\_\_\_

## SCHEDULE A

**Subclause 1.1 (a) (vii):**

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

Canadian Patent Registration 05617015

United States Patent Registration 502344879

the following serial numbered goods: See attached Schedule A-1

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

**Subclause 6.1 (c):**

Date of Birth of Corporate Guarantor (if an individual): \_\_\_\_\_  
Month      Day      Year

**Subclause 6.1 (i):**

Location(s) of the Collateral:

*See below*

**Subclause 6.1 (k):**

The Corporate Guarantor's place(s) of business ("POB") and chief executive office ("CEO")

<b>Chief Executive Office:</b>	<i>Mike Kullal</i>
<b>Place of Business:</b>	<i>46272 Hwy 56 Canrose AB T4U 1X4</i>
<b>And:</b>	



### SCHEDULE A-1

<b>MRBD Ltd. - Serialized Goods</b>			
IR101	2013	International Paystar 5918X6 (SEF4A)	1HTXVSJT8DJ146041
IR102 - PT	1996	International Paystar 5918X6	1HTNWSMT3DJ603273
IR103 - ET	2013	International 7500SBA6X4	1HTWNAZT5DJ304393
IR104	2001	ITB Doghouse	2C9HB46D812044028
IR201	2005	International Paystar 5900I8X6 (SEF4A)	1HTXTAPT26J225893
IR202 - PT	1996	Western Star Tri-Drive	2WLNCCFF0TK941183
IR203 - ET	2012	International Paystar 75006X4	1HTWNAZTLCJ603037
IR204	2001	Dog House	4220491008
IR301	2007	International 56187X6 (SEF4A)	1HTXSAPT67J407021
IR302 - PT	2005	International 56006X4	1HTXSAPT35J055979
IR303 - ET	2012	International 7500SBA6X4	1HTWAZT0CJ660216
IR304	2002	Dog House	4420491108
IR401	2011	International Paystar 5918X6 (SEF4A)	1HTXVAPT2BJ196710
IR402 - PT	2005	Western Star Tri-Drive	5KKPALCK45PU76629
IR403 - ET	2012	International 7500SBA6X4	1HTWNAZT9CJ078969
IR404	2001	Dog House	4116487208

# Appendix 11

**STANDSTILL, PRIORITY AND SUBORDINATION AGREEMENT**

This Agreement dated as of the 11 day of May, 2016.

AMONG:

**MUSTANG WELL SERVICES LTD., KKSER ENTERPRISES LTD.,  
MRBD LTD., COMPLETE OILFIELD MANUFACTURING INC.,  
BARDOVUE RENTALS LIMITED, and REACTION OILFIELD SUPPLY  
(2012) LTD.**

(each a "Borrower" and collectively, the "Borrowers")

and

**ALBERTA TREASURY BRANCHES  
("ATB")**

and

**BDC CAPITAL INC.  
("Lender")**

WHEREAS ATB and the Lender have each provided or agreed to provide certain loans and other financial assistance to one or more of the Borrowers;

AND WHEREAS the parties hereto have agreed to enter into this Agreement, inter alia, to establish the priority and ranking of the ATB Obligations over the Lender Obligations and to establish the priority and ranking of the ATB Security over the Lender Security;

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

**1. Definitions**

1.1 In this Agreement, the following items shall have the following meanings attributed to them:

- (a) **"ATB Obligations"** means, collectively and at any time and from time to time all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Borrower to ATB, however arising and including, without limitation, the principal of, and all interest, fees, legal and other costs, charges and expenses owing or payable on or in respect of, any and all loans and advances and any enforcement thereof, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again;
- (b) **"ATB Security"** shall mean any security agreement now, or in the future, held by ATB from the Borrower in respect of the ATB Obligations charging any present or after-acquired personal property of the Borrowers, including the security interest registered at Alberta Personal Property Registry under numbers 14063016154; 14070313968; 14102024427; 09101419772; 13032204535; 13102530645; 14070720473; 15090234298; 16022517845; and 15042912807;
- (c) **"Creditor Proceedings"** means:
  - (i) any dissolution, winding-up, total or partial liquidation, adjustment or readjustment of debt, reorganization, compromise, arrangement with creditors, plan of arrangement, proposal or similar proceedings under Insolvency Laws of

or with respect to any Debtor or its property or liabilities, in each case under any Insolvency Law;

- (ii) any dissolution, winding-up, total or partial liquidation, adjustment or readjustment of debt, reorganization, compromise, arrangement with creditors, plan of arrangement or similar proceedings under the arrangement provisions of any applicable corporate law (in any case which involves the alteration, amendment, conversion, compromise, satisfaction or discharge of obligations of any or all creditors) of or with respect to any Debtor or its property or liabilities (but which, for certainty, shall exclude any dissolution, winding-up or liquidation of a solvent Debtor into another solvent Debtor permitted by the Senior Credit Agreement);
- (iii) any bankruptcy, insolvency, receivership, petition or assignment in bankruptcy, or assignment for the benefit of creditors under any Insolvency Laws of or with respect to any Debtor;
- (iv) any marshalling of assets and liabilities of any Debtor under any Insolvency Laws;
- (v) any bulk sale of assets by any Debtor; or
- (vi) any proceedings in relation to any of the foregoing;

whether any of the foregoing is voluntary or involuntary, partial or complete, and includes any such proceedings initiated or consented to by any Borrower;

- (d) **"Insolvency Laws"** means the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)*, the *Winding-up and Restructuring Act (Canada)* or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, receivership, insolvency, arrangement or similar laws of Canada or other applicable jurisdictions from time to time that have become applicable to any Borrower or any of its properties or liabilities;
- (e) **"Insurance Proceeds"** means the proceeds of the life insurance policy in the amount of \$2,500,000.00 on the lives of Royden Wideman and Michael Kallal, which life insurance policy is assigned to or name the beneficiary to be the Lender and are placed as security for the Lender's extension of credit to the Borrower;
- (f) **"Intellectual Property"** means, with respect to the Borrower, all intellectual, proprietary and industrial property and rights thereto including, but not limited to, all (a) inventions and discoveries, (b) works in which any copyright exists including software, (c) designs, industrial designs and mask works (d) trade-marks, certification marks, trade dress, trade names, business names, corporate names, business styles, Internet domain names and web sites, and any word, symbol, icon, logo or other indicia of origin adopted or used in connection with the Purchased Business (collectively referred to as "Marks"), (e) all intellectual, proprietary and industrial property rights in respect of any of the foregoing including all copyrights, patent rights, patent disclosures, design and industrial design rights, patent disclosures rights in Marks, rights in confidential information, trade secrets, know-how, technical expertise, formulae, compositions, processes, research data, databases, drawings, specifications, plans, customer and supplier lists and related information and other proprietary rights and (e) all applications and registrations, all continuations, divisions, reissues, renewals and extensions therefor, the right to make applications, rights of priority and rights to claim priority with respect to any of the foregoing intellectual and industrial property and rights thereto;
- (g) **"Lender Obligations"** means, collectively and at any time and from time to time, all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Borrower to the Lender however arising and including, without limitation, the principal of, and all interest, fees, legal and other costs, charges and expenses owing or payable on or in respect of, any and all loans and advances and

any enforcement thereof, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again;

- (h) **"Lender Security"** shall mean any security agreement now, or in the future, held by the Lender from the Borrower in respect of the Lender Obligations charging any present or after-acquired personal property of the Borrowers, including the security interest registered at Alberta's Personal Property Registry under numbers 16051031155; 16051031018; 16051030866; 16051030740; 16051030680; and 16051029378;
- (i) **"Payment Blockage Event"** means the occurrence of any default in respect of the ATB Obligations which is continuing and in respect of which ATB has given a Payment Blockage Notice to the Borrower and the Lender;
- (j) **"Payment Blockage Notice"** means a written notice given by ATB to the Borrower and the Lender (in accordance with the notice provisions hereof), referring to this Agreement and stating therein that it is a "Payment Blockage Notice" for the purposes of this Agreement;
- (k) **"PPSA"** means the applicable *Personal Property Security Act* (Alberta);
- (l) **"Proceeds"** shall mean property in any form derived directly or indirectly from any dealing with personal property including proceeds of insurance that indemnifies for personal property that is destroyed or damaged;
- (m) **"Restricted Rights"** has the meaning set forth in Section 4.1;
- (n) **"Secured Parties"** means ATB and the Lender, and a "Secured Party" means either of them and each of their respective successors and permitted assigns; and
- (o) **"Standstill Period"** has the meaning set forth in Section 4.1.

## 2. Consents

- 2.1 ATB hereby consents to the creation and issuance by the Borrower to the Lender of the Lender Security and to the incurring by the Borrower of indebtedness and obligations secured thereby including the Lender Obligations.
- 2.2 The Lender hereby consents to the creation and issuance by the Borrower to ATB of the ATB Security and to the incurring by the Borrower of indebtedness and obligations secured thereby, including the ATB Obligations.

## 3. Subordination and Postponement

- 3.1 The Lender hereby agrees that the Lender Security is hereby postponed and subordinated to the security constituted by the ATB Security with respect to all of the Borrower's present and after acquired personal property other than Intellectual Property and the Insurance Proceeds, to the extent of the Borrower's indebtedness to ATB from time to time, together with all accrued interest thereon and all costs, charges and expenses incurred by ATB in connection therewith.
- 3.2 The ATB Security is hereby postponed and subordinated to the security constituted by the Lender Security with respect to Intellectual Property and the Insurance Proceeds, to the extent of the Borrower's indebtedness to the Lender from time to time, together with all accrued interest thereon and all costs, charges and expenses incurred by the Lender in connection therewith.
- 3.3 Subject to Section 3.5, the payment and performance of all Lender Obligations are hereby postponed and subordinated to the indefeasible payment and satisfaction in full and in cash of all ATB Obligations. Except on behalf of ATB and except for any interest payments paid by any Borrower to the Lender, which ATB expressly permits at all times (including during a Standstill Period and a Payment Blockage Event), the Lender will not, directly or indirectly, accept from any Borrower, in any manner, directly or indirectly, payment of, or consideration for the reduction of, the whole or any part of the Lender Obligations and, if any such payment or consideration is received or made on the Lender Obligations, the Lender will hold such payment or consideration

in trust for the benefit of, and shall promptly pay over such payment or consideration in the form received (duly endorsed, if necessary), to ATB.

- 3.4 Notwithstanding any other provision of this Agreement, ATB shall not have any claim to the Insurance Proceeds.
- 3.5 Notwithstanding Section 3.3 but subject to Section 3.6, the Lender shall be entitled to receive and retain any interest payments from the Borrower on account of any Lender Obligations.
- 3.6 Any Proceeds received by the Borrower, the Lender or ATB in respect of personal property of the Borrower charged by the Lender Security or the ATB Security, shall be dealt with according to the preceding provisions hereof as though paid or payable as proceeds of realization of the collateral for which they relate and upon any Creditor Proceedings which are continuing, any payment or distribution on account of Lender Obligations (i) from any Borrower or any receiver, trustee in bankruptcy, trustee named in a bankruptcy proposal, liquidator, agent or other person making such payment or distribution, (ii) in respect of such proceedings or (iii) under or in respect of any of the Lender Obligations or the Lender Security shall be paid or distributed to ATB (or, if paid or distributed to the Lender, held in trust by the Lender for the benefit of ATB to satisfy the ATB Obligations, if ATB is entitled to such in accordance with the preceding provisions hereof in respect of priority; **PROVIDED THAT** the Lender agrees that it shall not seek enforcement of the Lender Security other than in accordance with the terms and conditions of this Agreement.
- 3.7 The subordinations and postponements contained herein shall apply in all events and circumstances regardless of:
- (a) the date of execution, attachment, registration, perfection or re-perfection of any security;
  - (b) the date of any advance or advances made to the Borrower;
  - (c) the date of default by the Borrower under any security or the dates of crystallization of any floating charges held by the Lender or ATB; or
  - (d) any priority granted by any principle of law or any statute, including the *Bank Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), *Land Titles Act*, the PPSA and any other personal property security act or like statutes.

#### 4. **Standstill**

- 4.1 The Lender shall not enforce or exercise, or seek to enforce or exercise, any remedies under the Lender Security or take any proceedings in connection therewith or institute or commence any action or proceeding to enforce, collect or receive payment (except for interest payments that are permitted under this Agreement) of any Lender Obligations (collectively, the "**Restricted Rights**") or exercise any rights to enforce payment of any Lender Obligations, including any action of enforcement, realization, foreclosure, collection, seizure or execution until the expiry of a period commencing on the date on which default occurs with respect to the Lender Obligations and upon notice thereof being delivered by the Lender to ATB and ending on the earlier of (i) the commencement of any Creditor Proceeding and (ii) the ninetieth (90<sup>th</sup>) day following delivery of such notice (the "**Standstill Period**").
- 4.2 Notwithstanding Section 4.1, but subject to the other provisions of this Agreement and the priorities established herein, the Lender may:
- (a) accelerate the Lender Obligations;
  - (b) take any action in order to create, perfect, preserve or protect the Lender Security;
  - (c) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Lender; and
  - (d) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Borrower arising under any Insolvency Laws or other applicable law, so long as (i) no Restricted Rights are commenced or exercised and

(ii) no action or proceeding for enforcement, realization, foreclosure, collection, seizure or execution (whether as a secured or an unsecured creditor) is instituted or commenced.

**5. Payment Blockage Event**

- 5.1 Upon the occurrence and during the continuance of a Payment Blockage Event, the Borrower and the Lender covenant and agree that no payment or distribution shall be made by any Borrower to the Lender nor be retained by the Lender on account or in respect of the Lender Obligations except for interest payments paid by any Borrower to the Lender.
- 5.2 ATB shall give written notice to the Lender (in accordance with the notice provisions hereof) promptly after it becomes actually aware of any cessation of the Payment Blockage Event (including by reason of any waiver thereof or consent thereto). In any event, the Payment Blockage Event will be deemed to cease on the earlier of (i) the commencement of any Creditor Proceedings by ATB and (ii) ninety (90) days following the delivery of the Payment Blockage Notice by ATB to the Lender. Further, the Lender shall not be prohibited from receiving payments that are not interest payments in accordance with the Lender Obligations as a result of this Section 5 for more than an aggregate of 180 days within any period of three hundred and sixty consecutive days. The Borrower shall resume payments in respect of the Lender Obligations prohibited hereunder as soon as such payments are no longer prohibited hereunder, including any amounts in arrears by reason of operation of this Agreement.

**6. Enforcement Matters**

- 6.1 ATB shall have the sole and exclusive right to do any of the following (i) prior to the commencement of, during and until the expiry of the Standstill Period:
- (a) demand repayment of the ATB Obligations, or exercise its rights and remedies including the enforcement of the ATB Security. In the event of enforcement of the ATB Security, the Standstill Period shall thereupon terminate and the Lender shall have the right to realize or enforce the Lender Security.
  - (b) notify account debtors (other than the Lender) of any Borrower to make payments to ATB and exercise other similar rights with respect to accounts and intangibles (each as defined in the PPSA);
  - (c) exercise any registration and similar rights with respect to any assets of the Borrower other than Intellectual Property or the Insurance Proceeds; and hold any instruments, certificates, chattel paper or other forms of assets of the Borrower where perfection may be achieved or maintained by physical possession.
- 6.2 For certainty, if the Lender has done any of the foregoing in Sections 6.1(a) to 6.1(c) inclusive, prior to the exercise by ATB of any or the foregoing including the enforcement of its rights or remedies with respect to all or any portion of the assets of the Borrower and if ATB subsequently commences such exercise and diligently pursues the same, then, in addition to its other obligations hereunder the Lender shall, upon written request of ATB, cease to do the foregoing and shall take all steps and actions as may be requested by ATB to allow ATB to exclusively do and exercise the foregoing, including notification to any account debtor (other than the Lender) of any Borrower to make further payments to ATB and the prompt delivery to ATB of the assets referenced in Section 6.1(c) above then held by the Lender.
- 6.3 If, following receipt by ATB of the Lender's notice of a default with respect to the Lender Obligations under Section 4.1 above, ATB has not initiated the process or has implicitly or explicitly represented to the Lender that does not intend to proceed with any of the foregoing in Sections 6.1(a) to 6.1(c) inclusive within forty-five (45) days from the receipt by ATB of such notice, the Lender may then realize upon the Lender Security and take any measures found useful or necessary to protect its rights with respect to the Borrower, subject to the priorities and subordinations provided for herein.

**7. No Challenge or Hindrance; Actions to be Consistent with this Agreement**

7.1 Neither ATB nor the Lender shall, in any manner:

- (a) challenge, contest or bring into question the validity, priority, perfection or enforceability of any of the ATB Security or the Lender Security nor the validity or enforceability of any of the ATB Obligations or the Lender Obligations, as the case may be, nor cause or assist any other person to take any such action;
- (b) take any action that would (i) limit, invalidate, avoid or set aside any of the ATB Security or the Lender Security or any provisions thereof or (ii) subordinate the priority of the ATB Obligations to the Lender Obligations;
- (c) prevent the Lender from exercising its rights to the Insurance Proceeds under the life insurance policies referred to herein;
- (d) prevent ATB or the Lender from filing any proof of claim with any trustee in bankruptcy in case of:
  - (i) bankruptcy or assignment of property by the Borrower or any of them; and
  - (ii) filing by the Borrower or any of them of a notice of intention or a proposal pursuant to the Bankruptcy and Insolvency Act (Canada) or filing of an arrangement under the Companies' Creditors Arrangement Act (Canada).

7.2 In addition to and without limiting the foregoing, ATB and the Lender each covenant and agree and that it shall act in a manner consistent with and so as to give effect to the terms and conditions of this Agreement, including with respect to the filing of any proof of claim in any Creditor Proceedings applicable to any of the Borrowers and with respect to any proposal, arrangement, plan of arrangement or reorganization under or with respect to a Creditor Proceeding. Neither ATB nor the Lender shall approve any proposal, arrangement, plan of arrangement or reorganization (unless this provision has been specifically waived in writing by the other) if the effect thereof would be to have any payments or distributions be made to and be retained by either of them that would be inconsistent with the provisions of this Agreement.

7.3 If any person, other than the Secured Parties, shall have a valid claim, right or interest in or to any of the present or after-acquired personal property of the Borrower which is subject to all or any part of the Lender Security or the ATB Security, as the case may be, in priority to or on a parity with one of the Secured Parties but not in priority to or on a parity with the other Secured Party, then this Agreement shall not apply so as to diminish the rights (as such rights would have been but for this Agreement) of such other Secured Party to such property or the proceeds thereof.

7.4 Nothing in this Agreement shall affect the priority of purchase money security interests (as defined in the PPSA) hereafter acquired by the Lender or ATB in specific equipment of the Borrower. As between the parties where either the Lender or ATB finances the acquisition of equipment by the Borrower, the Lender or ATB will be entitled to a purchase money security interest whether they advance their funds before or after the Borrower has paid for the equipment and whether or not the funds are paid directly to the vendor so long as the funds are advanced in connection with the acquisition by the Borrower of rights in such equipment.

**8. Information and Amendments to Indebtedness**

8.1 From time to time upon request therefor, the Secured Parties may advise one another of the particulars of indebtedness and obligations of the Borrower to one another and all security held by each therefor.

8.2 The Borrower shall permit ATB, the Lender and their respective employees, agents and contractors, access at all reasonable times to inspect any personal property of the Borrower upon which such party has a security interest in accordance with the terms hereof, and access to make copies of or extracts from any books of account and all records, ledgers, reports, documents and other writings relating to such personal property and to permit such party to remove such personal property from the offices of the Borrower at all reasonable times without interference,



provided that such party shall promptly repair any damage caused to the offices by the removal of any such personal property.

- 8.3 The Lender's authorization will be required if ATB wishes to increase the limit of the ATB Obligations by more than \$500,000 of the aggregate principal amount of the ATB Obligations as of the date hereof, and any new ATB Security that may be required by ATB in respect of such increase shall be subject to this Agreement. For certainty, it shall be reasonable for the Lender to withhold its approval if, in its opinion, such increase impairs the ability of the Borrower to fulfill its obligations under the Lender Obligations or reduce the realizable value of the Lender Security. If the Lender has neither responded to ATB nor granted its authorization in writing under this Section 8.3 within a period of forty-five (45) days from the written request of ATB or such other time period as agreed between ATB and the Lender, such authorization from the Lender shall be deemed to have been refused and any event of default resulting solely from such unauthorized increase in the ATB Obligations over \$500,000 shall not allow ATB to demand enforcement of a Standstill or a Payment Blockage Event, as applicable.

**9. Acknowledgement and Consent of the Borrowers**

9.1 Each of the Borrowers separately hereby acknowledges and agrees that:

- (a) it authorizes ATB and the Lender to share with each other any information possessed by them relating to: (i) any of the Borrowers; and (ii) the ATB Obligations and the Lender Obligations and to payments received by ATB and the Lender in respect thereof;
- (b) this Agreement shall not modify, relieve or release it from any of its obligations owing to the Secured Parties or impair, limit or restrict the obligation of the Borrowers to pay or perform any obligations in accordance with the ATB Obligations or the Lender Obligations, as the case may be;
- (c) it is a party hereto solely for the purpose of providing the acknowledgements, covenants and agreements set forth herein and does not, and is not intended to, derive any benefits hereunder;
- (d) it consents to the terms of this Agreement and agrees to comply with, and to not act contrary to, the terms of this Agreement and further covenants that it shall cause each of the other Borrowers to comply with, and not to act contrary to, the terms of this Agreement;
- (e) any payment received by the Lender that is paid over to ATB pursuant to this Agreement shall be deemed to be a payment made directly to ATB, and shall not reduce the obligations of the Borrowers owed to the Lender; and
- (f) the failure of a Borrower to pay or perform any obligation owed to the Lender or to ATB whether caused by or resulting from the compliance by the Borrower with this Agreement, or otherwise, shall nevertheless constitute a default under the Lender Obligations and the ATB Obligations.

**10. Notices**

10.1 Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by facsimile, email or other electronic means of communication, including electronic copies in portable document format (PDF), addressed to the respective parties as follows:

To the Lender:

110, 444 – 7th Avenue SW, Calgary, AB T2P 0X8

Fax No. 780-495-6615

Email: James.ROBERTSON@BDCCapital.ca

To ATB:

21st Fir 10020 100 Street Edmonton, Alberta T5J 0N3

Fax No. 780 408 7892

Email: TWojtowicz@atb.com

To the Borrowers:

Box 1467 LCD Main, Camrose, AB T4V 1X4

Fax No. 403-554-8944

Email: darten@mwsfig.com

**11. General**

- 11.1 Neither the Lender nor ATB shall transfer or assign any of the Lender Security or the ATB Security, as applicable, without obtaining from the assignee or transferee an agreement to be bound by the provisions of this Agreement.
- 11.2 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the date first set out above. Delivery of an executed counterpart of this Agreement by a party by facsimile transmission or other electronic means shall constitute valid and effective delivery.
- 11.3 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 11.4 The parties hereto agree to execute and provide such further and other documents and do such further and other acts as may be necessary to give effect to this Agreement.
- 11.5 Any amendment or supplement to this Agreement shall be in writing and provided that such amendment or supplement does not result in the Borrower incurring any increased liabilities, shall be signed by the Lender and ATB without requiring the execution of such amendment or supplement by the Borrower.
- 11.6 The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning and interpretation of the Agreement.
- 11.7 Whenever in this Agreement the singular number or masculine gender occurs, the same shall be respectively construed as the plural and include all genders, and vice versa, as the context or reference may require.
- 11.8 Time shall be of the essence of this Agreement.
- 11.9 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

**[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]**

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers.

**MUSTANG WELL SERVICES LTD.**

Per:  \_\_\_\_\_

**KKSR ENTERPRISES LTD.**

Per:  \_\_\_\_\_

**MRBD LTD.**

Per:  \_\_\_\_\_

**COMPLETE OILFIELD MANUFACTURING INC.**

Per:  \_\_\_\_\_

**BARDOVUE RENTALS LIMITED**

Per:  \_\_\_\_\_

**REACTION OILFIELD SUPPLY (2012) LTD.**

Per:  \_\_\_\_\_

**ALBERTA TREASURY BRANCHES**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**BDC CAPITAL INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers.

**MUSTANG WELL SERVICES LTD.**

Per: \_\_\_\_\_

**KKSR ENTERPRISES LTD.**

Per: \_\_\_\_\_

**MRBD LTD.**

Per: \_\_\_\_\_

**COMPLETE OILFIELD MANUFACTURING INC.**

Per: \_\_\_\_\_

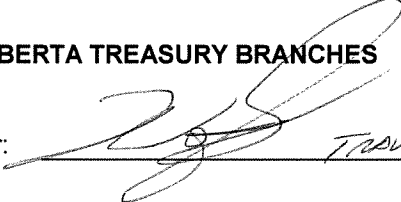
**BARDOVUE RENTALS LIMITED**

Per: \_\_\_\_\_

**REACTION OILFIELD SUPPLY (2012) LTD.**

Per: \_\_\_\_\_

**ALBERTA TREASURY BRANCHES**

Per:  TRAVIS LOVELL

Per: \_\_\_\_\_

**BDC CAPITAL INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers.

**MUSTANG WELL SERVICES LTD.**

Per: \_\_\_\_\_

**KKSR ENTERPRISES LTD.**

Per: \_\_\_\_\_

**MRBD LTD.**

Per: \_\_\_\_\_

**COMPLETE OILFIELD MANUFACTURING INC.**

Per: \_\_\_\_\_

**BARDOVUE RENTALS LIMITED**

Per: \_\_\_\_\_

**REACTION OILFIELD SUPPLY (2012) LTD.**

Per: \_\_\_\_\_

**ALBERTA TREASURY BRANCHES**


Per: \_\_\_\_\_

Per: \_\_\_\_\_

**BDC CAPITAL INC.**

Per:  \_\_\_\_\_

Matthew Kellow  
Managing Director, Growth & Transition Capital  
BDC Capital

Per:  \_\_\_\_\_

James Robertson  
Director, Growth & Transition Capital  
BDC Capital