

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE
CASH STORE FINANCIAL SERVICES INC., THE CASH STORE INC., TCS CASH STORE
INC., INSTALOANS INC., 7252331 CANADA INC., 5515433 MANITOBA INC., 1693926
ALBERTA LTD DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

MOTION RECORD OF THE APPLICANTS

(Motion Returnable September 29, 2014)

September 25, 2014

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Court File No. CV-14-10518-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE
CASH STORE FINANCIAL SERVICES INC., THE CASH STORE INC., TCS CASH STORE
INC., INSTALOANS INC., 7252331 CANADA INC., 5515433 MANITOBA INC., 1693926
ALBERTA LTD. DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

NOTICE OF MOTION

THE APPLICANTS, The Cash Store Financial Services Inc. ("Cash Store Financial") and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants"), will make a motion to the Court, on September 29, 2014, at 8:30 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, 8th floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order:

- (a) Abridging the time for service of this notice of motion and dispensing with service on any person other than those served;
- (b) Approving the Amending and Waiver Agreement to Amended and Restated Debtor-in-Possession Term Sheet (the "Second Further Amended DIP Facility") and granting certain related relief;
- (c) Extending the stay of proceedings against the Applicants (the "Stay Period") until November 28, 2014;
- (d) Approving the Ninth Report of the Monitor and the Monitor's activities described therein; and
- (e) Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. The Amended and Restated Initial Order of Regional Senior Justice Morawetz dated April 15, 2014 (the "Initial Order") declared that the Applicants are companies to which the CCAA applies;
2. The Initial Order approved and authorized a Debtor-in-Possession loan facility (the "Initial DIP Facility") in the amount of \$8.5 million, to mature on the date of the comeback hearing;
3. The Order of Regional Senior Justice Morawetz dated May 17, 2014 authorized an Amended Debtor-in-Possession loan facility (the "Amended DIP Facility") which provided a further \$8 million in funding;

4. The Order of Regional Senior Justice Morawetz dated August 7, 2014, authorized an amendment to the Amended DIP Facility (the “Further Amended DIP Agreement”) which provided a further \$5 million in funding;
5. Cash Store does not possess adequate liquidity to fulfill current business objectives and maintain going concern operations without the Second Further Amended DIP Facility;
6. Subject to approval by this Honourable Court, the Applicants have negotiated the Second Further Amended DIP Facility with the DIP Lenders to provide urgent and necessary liquidity in order to continue going concern operations and continue a sale process in an effort to maximize enterprise value for stakeholders. The Second Further Amended DIP Facility provides for, amongst other things:
 - (a) the waiver of the requirement that Cash Store Financial make a mandatory prepayment in the amount of the Tax Refund received by the Applicants from the Tax and Revenue Administration (Alberta) on September 12, 2014, in the amount of \$1,257,334.80 (the “September Tax Refund”) for the purpose of permitting the Applicants to use the September Tax Refund for operational purposes; and
 - (b) a “Third Extension Option” of \$5 million to be made available to the Applicants in accordance with its terms;
7. The lenders providing the Second Further Amended DIP Facility will only extend credit to Cash Store Financial if it is a borrower under the Second Further Amended DIP Facility and obtains an Order of this Honourable Court under the CCAA approving the Second Further Amended DIP Facility;

8. The additional funds advanced under the Second Further Amended DIP Facility are proposed to be secured by the same super-priority charge on all of the assets and property of Cash Store Financial as provided for in the Initial Order, as amended by the May 17, 2014 Order;

9. Without the Second Further Amended DIP Facility, Cash Store Financial will be unable to satisfy all of its ongoing obligations to its creditors, employees, landlords, and other stakeholders;

10. It is necessary and in the best interests of the Applicants and their stakeholders that the Stay Period be extended so that the Applicants are afforded the “breathing space” provided by the CCAA as they attempt to restructure their affairs;

11. Should the Second Further Amended DIP Facility be approved by this Honourable Court and should the DIP Advances contemplated thereby be requested by the Applicants and provided by the DIP Lenders, it is forecast that the Applicants will have sufficient liquidity to continue operations during the proposed extended Stay Period;

12. The Applicants have been proceeding with good faith and due diligence to complete a restructuring under the CCAA;

13. The provisions of the CCAA, including sections 11.2 and 11.02(2), and the inherent and equitable jurisdiction of this Honourable Court;

14. Rules 2.03, 3.02, and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

15. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Affidavit of William E. Aziz sworn September 25, 2014 and attached exhibits;
2. The Tenth Report of the Monitor; and
3. Such further and other materials as counsel may advise and this Honourable Court may permit.

September 25, 2014

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TO: SERVICE LIST

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

Court File No: CV-14-10518-00CL

AND IN THE MATTER OF a plan of compromise or arrangement of The Cash Store Financial Services Inc., The Cash Store Inc., TCS Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF MOTION

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TAB 2

Court File No. CV-14-10518-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE
CASH STORE FINANCIAL SERVICES INC., THE CASH STORE INC., TCS CASH STORE
INC., INSTALOANS INC., 7252331 CANADA INC., 5515433 MANITOBA INC., 1693926
ALBERTA LTD. DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

**AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn September 25, 2014)**

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE
OATH AND SAY:

Introduction

1. This Affidavit is made in support of a motion by The Cash Store Financial Services, Inc. ("Cash Store Financial") and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instaloes Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants") for an Order:

- (a) approving the Amending and Waiver Agreement to Amended and Restated Debtor-in-Possession Term Sheet (the "Second Amending Agreement"), substantially in the form attached as Exhibit "A" to this affidavit, entered into

with Coliseum Capital Partners, LP, Coliseum Capital Partners II, LP and Blackwell Partners, LLC (collectively, "Coliseum"), Alta Fundamental Advisers, LLC, (collectively with Coliseum, the "Initial DIP Lenders") and certain members of the *ad hoc* committee of holders of the Applicants' 11 ½% senior secured notes (the "Ad Hoc Committee") and certain related relief; and

- (b) extending the stay of proceedings against the Applicants until November 28, 2014.

2. I am the President of BlueTree Advisors Inc. ("BlueTree"), which has been retained by Cash Store Financial to provide my services as Chief Restructuring Officer ("CRO") to Cash Store. I was retained pursuant to an Engagement Letter dated April 14, 2014, which was subsequently amended by a letter dated July 17, 2014.

3. BlueTree was appointed as CRO of the Applicants pursuant to paragraph 23 of the Amended and Restated Initial Order of Justice Morawetz dated April 15, 2014 (the "Initial Order") made in respect of the Applicants' proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

4. As Cash Store's CRO, and in accordance with the Initial Order, I have the authority to direct the operations and management of Cash Store and its restructuring, and Cash Store's officers (including its executive management team) report to me. As such, I have personal knowledge of the matters deposed to herein, except where otherwise stated. I have spoken with certain of the officers, advisors and/or employees of Cash Store as well as the Monitor, as necessary, and where I have relied on information from such discussions, I believe such information to be true.

The Need for Further DIP Financing

5. Upon my appointment as CRO, I consulted with the Monitor and Rothschild Inc. (“Rothschild”) to develop a process to solicit bids for a new Debtor-in-Possession (“DIP”) loan facility. Cash Store subsequently negotiated an amended and restated debtor-in-possession term sheet (the “Amended DIP Facility”) with the Initial DIP Lenders and the Ad Hoc Committee (collectively, the “DIP Lenders”).

6. On May 17, 2014, this Honourable Court approved the Amended DIP Facility. A copy of the Amended and Restated DIP Term Sheet without schedules or signature pages is attached as Exhibit “B” to this affidavit.

7. Cash Store drew down the full \$6 million of the first tranche of additional funding available under the Amended DIP Facility. Cash Store also exercised the Extension Option (as defined in the Amended DIP Facility), which was accepted and funded by the DIP Lenders, to provide an additional \$2 million of liquidity to Cash Store.

8. On August 7, 2014, this Honourable Court approved an amendment to the Amended DIP Facility (the “Further Amended DIP Facility”). A copy of the Amending Agreement to Amended and Restated Debtor-in-Possession Term Sheet without schedules or signature pages is attached as Exhibit “C” to this affidavit.

9. The Further Amended DIP Facility contained a Second Extension Option pursuant to which Cash Store could obtain a further \$5 million of liquidity. Cash Store requested and the DIP Lenders funded the full \$5 million of the Second Extension Option in accordance with the terms of the Further Amended DIP Facility. In particular, Cash Store requested a DIP draw of \$2 million on August 10, 2014; a DIP draw of \$1 million on August

24, 2014; and a DIP draw of \$2 million on September 8, 2014. The DIP Lenders subsequently permitted funds to be withdrawn from the Trust Account established in respect of the Further Amended DIP Facility shortly after each DIP draw request was made.

10. Cash Store requires an immediate injection of further DIP financing in order to continue going concern operations and attempt to complete a sale of Cash Store's business pursuant to the Court-approved Sale Process in an effort to maximize enterprise value for all stakeholders. Based on current cash flow projections, Cash Store will require additional DIP Financing during the week ending October 3, 2014 in order to pay rent and payroll and other obligations. I understand that updated cash flow projections will be attached to the Monitor's Tenth Report to be filed prior to the hearing of this motion.

11. From my review of the current cash flow projections, I believe that the funds provided pursuant to the Second Amending Agreement (the "Second Further Amended DIP Facility") will provide sufficient liquidity to allow Cash Store to operate as a going concern during the proposed extended Stay Period (defined below) should the Third Extension Option (described below) be requested and funded. The Second Further Amended DIP Facility is critical, as it is projected to provide Cash Store with the necessary liquidity to continue to negotiate a sale transaction to achieve a value maximizing going concern outcome. Absent an immediate injection of cash, Cash Store will be unable to meet payroll, rent and other expenses coming due during the Stay Period and will be forced to shut down its operations, with a significant loss of employment and disruption to those who rely on its services. Such a shut-down will also likely cause a material impairment of Cash Store's ability to complete a value maximizing transaction pursuant to the Sale Process.

Description of Second Further Amended DIP Facility

12. The Second Amending Agreement establishing the Second Further Amended DIP Facility contemplates two sources of funding to provide liquidity to Cash Store:

- (a) the waiver of the requirement that the Applicants make a mandatory prepayment in the amount of the Tax Refund received by the Applicants from the Tax and Revenue Administration (Alberta) on September 12, 2014; and
- (b) a “Third Extension Option” of \$5 million to be made available to the Applicants in accordance with its terms;

13. With respect to the first source of funding – the Tax Refund – on September 12, 2014, the Applicants received a tax refund from the Tax and Revenue Administration (Alberta) in the amount of \$1,257,334.80 (the “September Tax Refund”). The Further Amended DIP Facility requires Cash Store Financial to make a mandatory prepayment of outstanding DIP Obligations immediately upon receipt of any Tax Refund (as defined in the Further Amended DIP Facility), if, after doing so, Cash Store Financial will have sufficient remaining cash and other assets to satisfy all its obligations for Priority Payables (as defined in the Further Amended DIP Facility). The September Tax Refund falls within the definition of Tax Refund in the Further Amended DIP Facility.

14. Pursuant to the Second Amending Agreement, the DIP Lenders have agreed to waive the requirement to make a mandatory prepayment to the DIP Lenders in the amount of the September Tax Refund to permit Cash Store Financial to use the September Tax Refund for operating purposes.

15. With respect to the second source of funding – the Third Extension Option – the DIP Lenders agreed to extend additional funding to the Applicants in a manner similar to the Second Extension Option, which was the subject of the Amending Agreement and Further Amended DIP Facility approved by this Honourable Court on August 12, 2014. In particular:

- (a) Cash Store Financial is the borrower under the Second Further Amended DIP Facility (as it was under the Amended DIP Facility and the Further Amended DIP Facility);
- (b) The Second Further Amended DIP Facility is guaranteed by the same entities that guaranteed the Initial DIP Facility, the Amended DIP Facility and the Further Amended DIP Facility; however, the UK Companies (defined below) are not party to the Second Amending Agreement;
- (c) The Second Further Amended DIP Facility provides that upon Cash Store's request the DIP Lenders may make DIP Advances (as defined in the Second Further Amended DIP Facility) available pursuant to the Third Extension Option (as defined in the Second Amending Agreement) of \$5 million (the "Third Extension Amount") in accordance with the following procedure:
 - (i) I, in my capacity as CRO, will deliver a written request for funding which will specify the amount requested, supported by a cash flow forecast and such other information reasonably requested by the DIP Lenders (the "Draw Request");

- (ii) The Draw Request will be limited to the amount Cash Store requires for the two week period immediately following the draw date in order to operate in the ordinary course; and
- (iii) A committee comprised of certain of the DIP Lenders (the “Lender Committee”) will consider each Draw Request and may, in its sole and unfettered discretion, consent to such request. Members of the Lender Committee holding more than 51% of the aggregate commitments of all members of the Lender Committee must agree to the Draw Request. Additionally, Coliseum and one of two specific Ad Hoc Committee members on the Lender Committee must agree to any Draw Request in order to approve a DIP Advance.

16. Pursuant to the Second Amending Agreement, Cash Store has agreed to pay the DIP Lenders an Amendment and Waiver Fee of \$62,500, as well as a DIP financing fee of 5% of the Third Extension Amount.

17. The Second Amending Agreement does not seek to alter the DIP Priority Charge granted pursuant to the Initial Order, which secures all post-filing advances from the DIP Lenders. Pursuant to the Order of this Honourable Court dated April 30, 2014 (the “TPL Protection Order”), the Property (as defined in the Initial Order) does not include any new TPL Brokered Loans (as defined in the Initial Order) and proceeds therefrom.

18. It is a condition precedent to the availability of the Further Amended DIP Facility that the order sought to approve the Second Amending Agreement be in form and substance satisfactory to the DIP Lenders.

19. I have continued to work closely with Cash Store's financial advisors, the Monitor and the financial advisor to the DIP Lenders and the Ad Hoc Committee with respect to Cash Store's funding needs. A procedure similar to the Draw Request and Lender Committee approval provided for in the Second Further Amended DIP Facility was used by the parties pursuant to the Further Amended DIP Facility, reflects that collaborative approach, and will allow for an ongoing dialogue with respect to the short-term funding needs of the Applicants as they continue to work to bring a going concern sale transaction to this Honourable Court for approval. The flexibility of the method of actual DIP Advances will allow the Applicants to borrow what is actually needed on a periodic basis and will allow the Applicants and the DIP Lenders to react to any changes (either positive or negative) to the cash flows forecasts.

Other Amendments to the DIP Facility

20. The Second Amending Agreement also amends the Further Amended DIP Facility in light of the August 5, 2014, decision of Regional Senior Justice Morawetz in respect of the motions brought by 0678786 B.C. Ltd. ("McCann") and Trimor Annuity Focus Limited Partnership #5 ("Trimor") and a cross-motion of the DIP Lenders (the "TPL Decision"). Regional Senior Justice Morawetz dismissed McCann and Trimor's motions, declared them to be creditors of Cash Store, and declared the Applicants to be the beneficial owners of funds described as the Disputed Post-Filing Receipts. Regional Senior Justice Morawetz dismissed the DIP Lenders' cross-motion without prejudice to the DIP Lenders to renew their motion at a future date.

21. McCann and Trimor sought and obtained a stay pending appeal and subsequently obtained leave to appeal the TPL Decision. These appeals have not yet been heard or decided (the "TPL Appeals").

22. The Second Amending Agreement contemplates that, at the option of the DIP Lenders, if the Court of Appeal dismisses any of the TPL Appeals and/or if a settlement is entered into with respect to any of the TPL Appeals, then the Borrower shall make a mandatory prepayment of the DIP Obligations in an amount equal to 100% of the amounts subject to such settlement and/or dismissed TPL Appeal(s) (the “Repaid TPL Amount”). Irrespective of the outcome of the TPL Appeals, the DIP Lenders shall further have the option to require the Borrower to make a prepayment of the DIP Obligations in an amount equal to 100% of the September Tax Refund. However, if the Borrower prepays the Repaid TPL Amount, and such prepayment is higher than the amount of the September Tax Refund, then the Borrower shall not also be required to make a mandatory prepayment in the amount of the September Tax Refund. Conversely, if the Repaid TPL Amount is less than the amount of the September Tax Refund, the Borrower shall be required, at the option of the DIP Lenders, to make a mandatory prepayment of the difference, such that DIP Lenders receive the amount of the September Tax Refund at minimum.

23. Furthermore, the Second Amending Agreement extends the deadline for a Sale Approval Order and Plan Filing and Meeting Order from September 15, 2014 to October 31, 2014.

24. Finally, the Second Amending Agreement extends the maturity date of the Second Further Amended DIP Facility. The Further Amended DIP Facility and the Amended DIP Facility contemplated a maturity date that was the earlier of (i) the date on which a demand is made following the occurrence of any Event of Default which is continuing; (ii) 180 days from the date of the Initial Order (Saturday, October 11, 2014); (iii) the date an Approved Transaction is consummated; and (iv) the date on which the Stay Period expires or on which the

CCAA Proceedings are terminated. This maturity date has been amended to be the earlier of paragraphs (i) and (iii) above, (iii) November 28, 2014 or (iv) the date on which the Stay Period expires or on which the CCAA Proceedings are terminated.

Update Regarding Wind Up of UK Companies

25. On July 22, 2014, this Honourable Court authorized Cash Store Financial, through me, as CRO, and in consultation with the Monitor, to take all steps necessary with respect to The Cash Store Financial Limited (“Holdco UK”) and The Cash Store Limited (“Opco UK”) (collectively, the “UK Companies”), to, among other things, make demand for the repayment of amounts owing to it by the UK Companies and to apply to the High Court of Justice, Chancery Division (the “UK Court”) to appoint an administrator over Opco UK and a liquidator over Holdco UK.

26. FTI Consulting LLP (“FTI UK”) is now in the process of overseeing the administration of Opco UK.

27. On September 12, 2014, Cash Store Financial made demand on Holdco UK in order to commence the process to appoint a liquidator over Holdco UK. A copy of the demand letter is attached hereto as Exhibit “D”. I will provide further information with respect to the proposed liquidation of Holdco UK and the administration of Opco UK in subsequent affidavits.

Update Regarding Sale Process

28. As outlined in my affidavit sworn August 6, 2014 (“the Sixth Aziz Affidavit”), I have continued to work closely with Rothschild and the Monitor to advance the Sale Process which was approved by Order of this Honourable Court, dated June 16, 2014. Cash Store is

continuing to work to bring an agreement for a going concern sale transaction to this Honourable Court for approval. Although I had anticipated being in a position to have a proposed sale transaction completed prior to requesting a further stay extension, it is now currently anticipated that the Applicants will be seeking further relief from this Honourable Court with respect to a proposed sale transaction during the proposed extended Stay Period.

Stay Extension

29. The Applicants were granted protection from their creditors under the CCAA pursuant to the Initial Order. The Initial Order granted, *inter alia*, a stay of proceedings until May 14, 2014, or such later date as this Honourable Court may order (the "Stay Period").

30. On May 13, 2014, the Stay Period was extended until May 16, 2014 and was subsequently extended until May 19, 2014. On May 17, 2014, this Honourable Court extended the Stay Period until and including June 17, 2014, or such later date as this Honourable Court may order. On June 16, 2014, this Honourable Court extended the Stay Period until and including August 15, 2014, or such later date as this Honourable Court may order. On August 7, 2014, this Honourable Court extended the Stay Period until and including September 30, 2014, or such later date as this Honourable Court may order.

31. The Applicants, under my direction as CRO, have been proceeding in good faith and with due diligence to effect a restructuring under the CCAA, and in particular a going concern sale transaction pursuant to the court-approved sales process. In addition to the activities outlined in my previous affidavits, I have, among other things:

- (a) Continued to communicate with the Applicants' various regulators;

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- (b) Continued to work with senior management with respect to the ongoing business operations of Cash Store and the management of the company's cash resources;
- (c) Closed certain Title Store locations;
- (d) Responded to a number of inquiries from the Applicants' stakeholders;
- (e) Participated in multiple discussions regarding the appeal of the TPL Decision;
- (f) Engaged in extensive discussions (directly or through Rothschild) with several bidders to discuss and clarify their bids;
- (g) Participated in negotiations of the Second Further Amended DIP Facility (as described above);
- (h) Participated in discussions and correspondence with FTI UK regarding the administration of Opco UK;
- (i) Made demand on Holdco UK;
- (j) Responded to various inquiries of the Monitor in respect of potential transfers at undervalue that may have occurred prior to the date of the Initial Order; and
- (k) Worked closely with the Monitor with respect to all aspects of Cash Store's restructuring under the CCAA.

32. It is my belief that it is appropriate to extend the Stay Period to November 28, 2014 and that the Applicants, under my direction as CRO, have acted and continue to act in good faith and with due diligence in these CCAA proceedings. Should the Second Further Amended DIP Facility be approved by this Honourable Court and DIP Advances are provided

to Cash Store by the DIP Lenders pursuant to the Second Amending Agreement, it is forecast that the Applicants will have sufficient liquidity to continue operations during the proposed extended Stay Period.

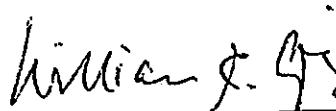
33. Extending the Stay Period will allow the Applicants to continue to work in consultation with the Monitor toward the sale of the business with the objective of obtaining the best possible result for the benefit of all stakeholders. It is my understanding that the extension of the Stay Period to November 28, 2014 is supported by the DIP Lenders, the Ad Hoc Committee and the Monitor.

SWORN BEFORE ME at the city of
Toronto, in the Province of Ontario this
25th day of September, 2014.



COMMISSIONER FOR TAKING AFFIDAVITS

Patrick Priestner



WILLIAM E. AZIZ

**THIS IS EXHIBIT "A" TO THE AFFIDAVIT
OF WILLIAM E. AZIZ SWORN BEFORE ME
ON THIS 25th DAY OF SEPTEMBER, 2014.**



A commissioner for taking Affidavits

Patrick Riestler

AMENDING AND WAIVER AGREEMENT TO AMENDED AND RESTATED DEBTOR-IN-POSSESSION TERM SHEET

THIS AMENDING AND WAIVER AGREEMENT is made as of the ● day of September, 2014 (the Amending and Waiver Agreement)

AMONG:

The Cash Store Financial Services Inc. (the **Borrower**),

-and-

7252331 Canada Inc., 5515433 Manitoba Inc., Instaloes Inc., The Cash Store Inc., TCS Cash Store Inc., 1693926 Alberta Ltd., The Cash Store Financial Limited, CSF Insurance Services Limited and The Cash Store Limited (the "**Guarantors**"),

-and-

The other signatories hereto (collectively, the **DIP Lenders**)

WHEREAS the Borrower, the Guarantors and the DIP Lenders are party to that certain Amended and Restated Debtor-in-Possession Term Sheet dated as of May 20, 2014 and as amended as of August 7, 2014 (the **DIP Agreement**);

AND WHEREAS the Borrower has requested, and the DIP Lenders are willing to agree, to amend the DIP Agreement and waive certain covenants under the DIP Agreement as described below;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

Article 1 - INTERPRETATION

- 1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the DIP Agreement.

Article 2 - AMENDMENTS

- 2.1 The text in Paragraph (b) of the section of the DIP Agreement entitled "Maturity Date and Repayment" is deleted in its entirety and replaced with:

"(b) November 28, 2014;"

- 2.2 The section of the DIP Agreement entitled "Mandatory Prepayments" shall be amended by deleting "and" from the end of Paragraph (b) of that section, renumbering Paragraph (c) of that section Paragraph (d) and inserting after Paragraph (b) the following:

"(c) at the option of the DIP Lenders, forthwith upon issuance of an order by the Court of Appeal for Ontario dismissing the appeals of one or both of 0678786 B.C. Ltd. (formerly the McCann Family Holding Corporation) and Trimor Annuity Focus Limited Partnership #5 of the decision of the Court issued in the CCAA Proceedings on August 5, 2014 (each a "**TPL Appeal**"), or upon entering into a settlement or similar outcome in respect of one or both of the TPL Appeals (each a **Settlement**), the Borrower shall make a mandatory prepayment of the DIP Obligations in an amount equal to 100% of the amounts subject to the dismissed TPL Appeal(s) and/or Settlement(s) (the **Repaid TPL Amount**); and"

- 2.3 Paragraph (s) of the section of the DIP Agreement entitled "Affirmative Covenants" is amended by deleting both references to the date "September 15, 2014" and replacing them with "October 31, 2014".
- 2.4 The Section of the DIP Agreement entitled "DIP Facility and Maximum Amount" is hereby amended as follows:
- (a) by inserting "; and if the Third Extension Option is exercised, CDN\$26,500,000" immediately following "CDN\$21,500,000" in the first paragraph of this section; and
 - (b) by inserting "or Third Extension Amount" immediately following the phrase "; provided, however, that the restrictions on the minimum quantum of the DIP Advances contained in this sentence shall not apply to any DIP Advances from the Second Extension Amount" in the second paragraph of this section.
- 2.5 The DIP Agreement is hereby amended by inserting a new section immediately following the section entitled "Second Extension Option". The new section shall be entitled "Third Extension Option" and shall state the following:

"On or after September 24, 2014, the Borrower may request and, if requested, the DIP Lenders agree to provide, in such amounts as are set out opposite their names in Schedule "H" in respect of the Third Extension Amount, at the date the Third Extension Option is exercised by the Borrower, an additional aggregate commitment of CDN\$5,000,000 (the **Third Extension Amount**), which shall mature, together with the other Commitments provided under this term sheet, on the Maturity Date, and shall be on the terms and conditions as contemplated in this term sheet (the **Third Extension Option**)

Each DIP Lender understands that its proportionate share of the Commitments, its percentage of the vote in respect of any decision-making, determination of consent and its percentage of any fees tied to Commitments, may increase or decrease, as a result of the exercise of the Third Extension Option.

Notwithstanding any other provisions of this term sheet to the contrary, the Third Extension Amount shall only be made available, and the Borrower shall only be permitted to draw any portion of the Third Extension Amount as a DIP Advance, in accordance with the following procedures:

- (a) following written notice by the Borrower to the DIP Lenders that the Borrower is exercising the Third Extension Option, DIP Advances in respect of the Third Extension Amount shall only be made with authorization of the DIP Lenders, in accordance with the following steps:
 - (i) the CRO, on behalf of the Borrower shall deliver to the DIP Lenders (with a copy to NRF, Goodmans and the Monitor) a written request for funding (which request may be delivered by email). The request shall describe the amount of funding requested supported by: (i) a cash flow forecast reflecting expenditures reasonably expected to be incurred in the ordinary course; and (ii) such other information reasonably requested by the DIP Lenders (the **Draw Request**).
 - (ii) the Draw Request shall be limited to the amount of money reasonably believed by the Borrower to be required for the two week period immediately following the draw date in order to operate in the ordinary course and maintain the minimum cash balance prescribed in the TPL

Protection Order or, in the event that paragraph 5 of the TPL Protection Order ceases to be in effect, a minimum cash balance of CDN\$3 million;

- (iii) the Lender Committee shall be provided with a reasonable time period to review the Draw Request and shall be provided with any supporting information reasonably requested from the Borrower for that purpose; and
- (iv) if determined appropriate in the sole and unfettered discretion of the members of the Lender Committee collectively holding more than 51% of the aggregate Commitments of all members of the Lender Committee (provided that such majority must also include at least one of either Beach Point Capital Management LP (on behalf of the AHC DIP Lenders) or MSD Credit Opportunity Master Fund, L.P. and must include Coliseum), the Lender Committee will provide its written consent (which written consent shall be delivered by written direction from the requisite majority of members of the Lender Committee) to the CRO, on behalf of the Borrower, stating the amount of the permitted DIP Advance.

DIP Advances in respect of the Third Extension Amount shall be subject to satisfaction of the Funding Conditions other than the requirement to deliver a Drawdown Certificate.

In the case of any inconsistency between the provisions of this section entitled "Third Extension Option" and any other section of this term sheet, this section shall govern."

- 2.6 Paragraph (b) of the section of the DIP Agreement entitled "DIP Lenders' Commitments" is hereby amended by inserting the words "and if the Third Extension Option is exercised, shall be CDN\$18,000,000" immediately following the phrase "and if the Second Extension Option is exercised, shall be \$13,000,000".
- 2.7 The section of the DIP Agreement entitled "DIP Financing Fee" is hereby amended by:
 - (a) deleting the word "and" from the end of paragraph (c);
 - (b) deleting the "." at the end of paragraph (d) and inserting in its place "; and"; and
 - (c) adding a new paragraph (d) to this section, which shall state as follows:

"if the Third Extension Option is exercised, to the DIP Lenders in the amount of 5%, *pro rata* based upon their respective prescribed portion of the Commitment for the Third Extension Amount, which shall be fully earned and payable upon the date the Third Extension Option is exercised and shall be added to the outstanding principal balance of the loan and shall be due and payable on the Maturity Date."
- 2.8 Schedule "H" to the DIP Agreement shall be deleted in its entirety and replaced with a new Schedule "H" in the form attached hereto as Appendix "A".

Article 3 - WAIVER

- 3.1 For the singular purpose of permitting the Borrower to utilize for operational purposes that certain Tax Refund as recently received by the Borrower from the Tax and Revenue Administration (Alberta) on September 12, 2014 in the amount of \$1,257,334.80 (the September Tax Refund), and subject to the other terms of this Amending and Waiver Agreement, the DIP Lenders hereby agree to waive the requirements to hold the September Tax Refund in trust in a segregated account for the benefit of the DIP Lenders and to make a mandatory prepayment in the amount of

the September Tax Refund contained at Paragraph (l) of the section of the DIP Agreement entitled "Affirmative Covenants" and the requirement to make a mandatory prepayment in the amount of the September Tax Refund at Paragraph (b) of the section of the DIP Agreement entitled "Mandatory Prepayments".

- 3.2 Notwithstanding the waiver in Section 3.1 above, at the option of the DIP Lenders, upon the issuance of an order by the Court of Appeal for Ontario in respect of a TPL Appeal, or upon a Settlement being entered into, the Borrower shall be required to make a mandatory prepayment of the DIP Obligations in an amount equal to 100% of the September Tax Refund, provided however, that if the DIP Lenders exercise their option under the new Paragraph (c) of the section of the DIP Agreement entitled "Mandatory Prepayments" to require the Borrower to repay the Repaid TPL Amount and the Repaid TPL Amount exceeds the amount of the September Tax Refund, the Borrower shall not also be required to pay an amount equal to 100% of the September Tax Refund. If the Repaid TPL Amount is less than the amount of the September Tax Refund, the Lenders may require the Borrower to make a mandatory prepayment equal to the difference between the amount of the September Tax Refund and the TPL Repaid Amount.
- 3.3 The waiver in Section 3.1 above is effective only in this instance and for the specific purpose stated herein. It shall not be, or be deemed to be, a consent to, or waiver of, any preceding or subsequent breach of the DIP Agreement or any other covenant or provision of the DIP Agreement or any of the other DIP Credit Documentation nor shall it operate as a waiver of any right, power or remedy of the DIP Lenders under the DIP Agreement and the other DIP Credit Documentation.

Article 4 - AMENDMENTS AND WAIVER FEE

- 4.1 In consideration of the amendments and waiver provided herein, the Borrower shall pay to the DIP Lenders a fee of \$62,500 (the **Amendments and Waiver Fee**). Such Amendments and Waiver Fee shall be fully earned on the date hereof and added to the DIP Obligations. Such Amendments and Waiver Fee shall be allocated to each of the DIP Lenders pro-rata in accordance with their respective Additional Commitments.

Article 5 - CONDITIONS TO EFFECTIVENESS

- 5.1 The amendments set out in Article 2 and the waiver set out in Article 3 of this Amending and Waiver Agreement shall become effective upon satisfaction of the following conditions precedent:
- (a) The Loan Parties each delivering to the DIP Lenders their originally executed copy of this Amending and Waiver Agreement; and
 - (b) The addition of the Amendments and Waiver Fee to the DIP Obligations.

Article 6 - MISCELLANEOUS

- 6.1 The Borrower shall pay all costs incurred by the DIP Lenders in preparing this Amending and Waiver Agreement.
- 6.2 The execution, delivery and performance of this Amending and Waiver Agreement shall not, except as expressly provided for herein, constitute an amendment of any provision of, or operate as an amendment of any right, power or remedy of the DIP Lenders under the DIP Agreement or any other DIP Credit Documentation.
- 6.3 On and after this date, each reference in the DIP Agreement to "this term sheet" or similar references in the DIP Credit Documentation and any and all other agreements, documents and instruments delivered by the Borrower or a Guarantor or any other Person shall mean and be a

reference to the DIP Agreement as amended by this Amending and Waiver Agreement. Except as specifically amended by this Amending and Waiver Agreement, the DIP Agreement shall remain in full force and effect and is hereby ratified and confirmed.

- 6.4 This Amending and Waiver Agreement shall be interpreted and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 6.5 Save as expressly amended by this Amending and Waiver Agreement, all other terms and conditions of the DIP Agreement remain in full force and effect.
- 6.6 This Amending and Waiver Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures provided by electronic transmission or facsimile shall be valid and binding.
- 6.7 In executing this Amending and Waiver Agreement and making any representation, warranty or certification hereunder or in the DIP Agreement, including any certification in a drawdown certificate, the CRO has inquired of the Borrower's senior management and has informed himself through and relied upon the results of such inquiry. The CRO has not examined any other person, reviewed any other document, or otherwise attempted to verify the accuracy or completeness of the information that has been provided to the CRO through the inquiries made of senior management. All representations, warranties and certifications made in respect of this Amending and Waiver Agreement or the DIP Agreement, including in any drawdown certificate, are expressly qualified by the actual knowledge of the CRO based on the inquiries made to date by the CRO, and it is acknowledged by the DIP Lenders that the CRO shall have no personal liability whatsoever for the execution of this Amending and Waiver Agreement, any matter contained in this Amending and Waiver Agreement or any of the representations, warranties or certifications made in this Amending and Waiver Agreement, the DIP Agreement or in any drawdown certificate; provided however that the CRO shall exercise the powers granted to the CRO under the Initial Order to cause the Loan Parties to perform their obligations and comply with their covenants hereunder. Nothing contained in the foregoing shall prevent the DIP Lenders from enforcing their rights against a Loan Party for any breach of a representation, warranty or covenant contained in this Amending and Waiver Agreement or the DIP Agreement in accordance with the terms of the DIP Agreement.
- 6.8 This Amending and Waiver Agreement and the amendments to the DIP Agreement described herein shall be binding upon each of the Loan Parties that has executed this Amending and Waiver Agreement notwithstanding the fact that any of the English Entities have not executed this Amending and Waiver Agreement.

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

IN WITNESS WHEREOF, the parties hereto have caused this Amending and Waiver Agreement to be executed by their duly authorized representatives as of the date first written above.

THE CASH STORE FINANCIAL SERVICES INC.

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

7252331 CANADA INC.

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

5515433 MANITOBA INC.

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

INSTALOANS INC.

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

THE CASH STORE INC.

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

TCS CASH STORE INC.

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

1693926 ALBERTA LTD.

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

THIS IS EXHIBIT "B" TO THE AFFIDAVIT
OF WILLIAM E. AZIZ SWORN BEFORE ME
ON THIS 25th DAY OF SEPTEMBER, 2014.



A commissioner for taking Affidavits

Patrick Riestero

AMENDED AND RESTATED DEBTOR-IN-POSSESSION TERM SHEET

CDN\$14,500,000 Facility with the option of an additional CDN\$2,000,000

Dated as of May 20, 2014

WHEREAS, the DIP Lenders (as defined below) have agreed to provide funding to The Cash Store Financial Services Inc. in order to assist it in the context of the Borrower's (as defined below) and the Guarantors' (as defined below) proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the CCAA) in accordance with the terms set out in this term sheet.

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of such consideration is hereby acknowledged), agree as follows:

- DEFINED TERMS:** Capitalised terms not defined in the body of this term sheet have the meaning ascribed to them in the Definitions section below.
- CONFIDENTIALITY:** This term sheet and the financing arrangements herein are delivered on the condition that each Loan Party (as defined below) and each of its affiliates, shall not disclose this term sheet or the substance of said proposed financing arrangements to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them, or with the prior consent of the DIP Lenders.
- DIP BORROWER:** The Cash Store Financial Services Inc. (the Borrower).
- GUARANTORS:** 7252331 Canada Inc., 5515433 Manitoba Inc., Instalcoans Inc., The Cash Store Inc., TCS Cash Store Inc., 1693926 Alberta Ltd., The Cash Store Financial Limited, CSF Insurance Services Limited and The Cash Store Limited (each a Guarantor and together the Guarantors).
- The Borrower and the Guarantors (each a Loan Party and together the Loan Parties).
- DIP LENDERS:**
- (a) Coliseum Capital Partners, LP, Coliseum Capital Partners II, LP and Blackwell Partners, LLC (together Coliseum) and Alta Fundamental Advisers Master LP (Alta) (together with Coliseum, the Initial DIP Lenders);
 - (b) MSD Credit Opportunity Master Fund, L.P., BulwarkBay Credit Opportunities Master Fund Ltd., LJR Capital, L.P., ALJ Capital I, L.P., ALJ Capital II, L.P., Royal Mail Pension Plan, Associated British Foods Pension Plan Scheme, BIS (Postal Services Act 2011) Company Limited, Beach Point SCF I LP, Beach Point SCF Multi-Port LP, and Beach Point Total Return Master Fund, L.P. (the AHC DIP Lenders); and
 - (c) any financial institution, fund or other entity which has become a party to this term sheet in accordance with the Section below entitled "Assignment by the Lenders",

(each a DIP Lender and, collectively, the DIP Lenders).

AGENT:

An agent to be selected and appointed by the DIP Lenders (the Agent).

**FINANCE PARTIES
RIGHTS AND
OBLIGATIONS:**

- (a) The obligations of each Finance Party (as defined below) under the DIP Credit Documentation (as defined below) are several (and not joint and several). Failure by a Finance Party to perform its obligations under the DIP Credit Documentation does not affect the obligations of any other party under the DIP Credit Documentation. No Finance Party is responsible for the obligations of any other Finance Party under the DIP Credit Documentation.
- (b) The rights of each Finance Party under or in connection with the DIP Credit Documentation are separate and independent rights and any debt arising under the DIP Credit Documentation to a Finance Party from a Loan Party shall be a separate and independent debt.

Each DIP Lender shall fulfill its obligations, including its obligation to disburse its participation in the DIP Facility, directly to the Borrower (and not through the Agent).

**DIP LENDERS' DECISION-
MAKING:**

Majority Lenders means:

- (a) if there are no DIP Advances (as defined below) then outstanding, a DIP Lender or DIP Lenders whose commitments aggregate more than 51% of the total DIP Facility (or, if the DIP Facility has been reduced to zero, aggregate more than 51% of the DIP Facility which remains undisbursed immediately prior to the reduction); and
- (b) at any other time, a DIP Lender or DIP Lenders whose participations in the DIP Advances then outstanding aggregate more than 51% of all the DIP Advances then outstanding.

In this term sheet, references to any decisions, determinations or directions to be made by the DIP Lenders or decisions, determinations or directions to be made in the sole discretion of the DIP Lenders, or consent to be given by the DIP Lenders, shall be construed as decisions, determinations or directions to be made, or consent to be given, by the Majority Lenders except with respect to the following decisions, determinations or directions which shall require the unanimous written consent of all DIP Lenders:

- (a) increasing the Maximum Amount;
- (b) decreasing the interest rates or fees applicable to the DIP Obligations;
- (c) extending the date for payment of principal, interest, fees

or any other amount relating to the DIP Facility;

- (d) amending the Maturity Date;
- (e) the subordination of the DIP Priority Charge or any other DIP Security (other than to (i) purchase money security interests created prior to the issuance of the Initial Order (PMSIs); or (ii) Priority Payables, including the Administration Charge and the Director's Charge but, with respect to the Director's Charge, only up to a maximum amount equal to \$1,250,000) or permitting new or existing indebtedness or security (other than Priority Payables, the TPL Protections, the KERP and the KERP Charge) to rank ahead of or *pari passu* with the DIP Obligations, the DIP Priority Charge or any other DIP Security;
- (f) the release or material amendment of the DIP Priority Charge or any other DIP Security;
- (g) the approval of an Approved Transaction with respect to which the proceeds of sale or the consideration payable is not sufficient to satisfy the DIP Obligations in full;
- (h) any waiver or amendment of the mandatory prepayments contemplated in paragraph (b) of the Section entitled "*Mandatory Prepayments*";
- (i) the availability of the Extension Option;
- (j) any amendment to items (a) above through (k) below; and
- (k) the issuance of any waiver of, or consent to, any of the matters set out in items (a) through (j) above (including, without limitation with regard to any Event of Default arising or resulting in connection therewith).

**PURPOSE AND
PERMITTED PAYMENTS:**

The Borrower shall use available funds under the DIP Facility solely for the following purpose and in the following order (collectively, the **Permitted Payments**):

- (a) To repay all accrued and unpaid interest, including default interest, owing under the Initial Term Sheet;
- (b) For the payment of legal fees, financial advisory fees and other costs and expenses of the DIP Lenders incurred in connection with this term sheet, the other DIP Credit Documentation, the CCAA Proceedings (as defined below) and the transactions contemplated herein; and
- (c) To fund the Borrower's and Guarantors' immediate funding requirements during the CCAA Proceedings in accordance with the Cash Flow Projections (as defined below) and subject to the terms of this term sheet and any other DIP Credit Documentation.

**DIP FACILITY AND
MAXIMUM AMOUNT:**

CDN\$14,500,000 and if the Extension Option is exercised, CDN\$16,500,000 (the **Maximum Amount**) super priority secured non-revolving credit facility (the **DIP Facility**). DIP Advances shall be made by the DIP Lenders to the Borrower and shall be deposited into a separate, segregated account of the Borrower with a financial institution approved by the DIP Lenders (the **Borrower's Account**). In addition, the amount made available under the DIP Facility shall not, at any time, exceed the **Maximum Amount** (as such amount was or shall be reduced by mandatory prepayments referred to, or contemplated under, this term sheet).

Advances under the DIP Facility will be made available to the Borrower by way of non-revolving loans denominated in Canadian Dollars (the **DIP Advances**). For so long as there is at least CDN\$1 million available under the DIP Facility, each DIP Advance shall be for an amount of no less than CDN\$1 million, and in multiples of CDN\$50,000, and, should there be less than CDN\$1 million remaining available under the DIP Facility, a DIP Advance shall be available in such remaining amount (the **Minimum Draw**).

The DIP Advance set out in a drawdown certificate (in substantially the form set out in **Schedule "B"**), (the **Drawdown Certificate**) shall be shared among each DIP Lender in proportion to each DIP Lender's share of the DIP Facility.

Any increase in the **Maximum Amount** shall be approved by all DIP Lenders and will be as agreed to between the parties to this term sheet following a review of the progress of the Loan Parties' CCAA Proceedings and the funding needs at the time. This shall not constitute an agreement by the DIP Lenders or any of them to provide funding in excess of the **Maximum Amount**.

EXTENSION OPTION

No earlier than June 13, 2014, the Borrower may request, and the DIP Lenders may provide, in such amounts as are in proportion to their existing Commitments on the date the Extension Option is exercised, an additional aggregate commitment of CDN\$2,000,000 (the **Extension Amount**), which shall mature, together with the other Commitments provided under this term sheet, on the Maturity Date, and shall be on the terms and conditions as contemplated in this term sheet (the **Extension Option**).

No DIP Lender shall be obligated to participate in such Extension Option and to the extent a DIP Lender elects not to exercise the right to participate in the Extension Option (such DIP Lender being a **Non-Exercising DIP Lender**), its right to provide the Commitments under the Extension Option may be exercised by the other DIP Lenders; provided, however, that, if the Non-Exercising DIP Lender is (i) an AHC DIP Lender, then the other AHC DIP Lenders shall have the right to exercise in priority to the other DIP Lenders; (ii) Alta, or its successors or assigns, then Coliseum shall have the right to exercise in priority to the other DIP Lenders; and (iii) Coliseum or its successors or assigns, then Alta shall have the right to exercise in priority to the other DIP Lenders.

Each DIP Lender understands that its proportionate share of the Commitments, its percentage of the vote in respect of any decision-making, determination of consent and its percentage of any fees tied to Commitments, may increase or decrease, as a result of the exercise by certain DIP Lenders of the Extension Option.

**AGENT AND DIP
LENDERS' RECORDS**

The Agent shall maintain a register evidencing the indebtedness and obligations of the Loan Parties to each DIP Lender under this term sheet in respect of each DIP Advance, accrued interest and fees in respect of each and the amounts paid by each Loan Party to each DIP Lender from time to time.

Each DIP Lender shall maintain, in accordance with its usual practice, an account or accounts evidencing the indebtedness of the Loan Parties to such DIP Lender. If there is an inconsistency between the records of the Agent and the DIP Lenders, the Agent's register shall prevail.

The Borrower acknowledges and agrees that the Agent's register and records shall constitute evidence of the matters referred to above and that the failure of any DIP Lender or the Agent to make any entry or recording in a register shall not limit or affect the obligations of the Loan Parties under this term sheet or the DIP Obligations owed to the DIP Lenders.

**DIP LENDERS
COMMITMENTS:**

The respective commitments of the DIP Lenders are as follows:

- (a) in relation to the Initial DIP Lenders, the amount set opposite its name under the heading "Initial DIP Lender Commitment" in Schedule "H"; and on the date of this term sheet the total Initial DIP Lender commitment fully disbursed under the Initial Term Sheet is CDN\$8,500,000 (the Initial DIP Lender Commitment) (which has been prepaid by the Borrower prior to the date of this term sheet);
- (b) in relation to each DIP Lender, the amount set opposite its name under the heading "Additional Commitments" in Schedule "H" and the amount of any other Additional Commitments transferred to it under this term sheet; and on the date of this term sheet, the aggregate of the total DIP Lenders commitments is CDN\$6,000,000 and if the Extension Option is exercised, shall be CDN\$8,000,000 (the Additional Commitments); and
- (c) in relation to any other DIP Lender, the amount of any of the Initial DIP Lender Commitment or Additional Commitment transferred to it under this term sheet and pursuant to an Assignment and Assumption Agreement substantially in the form of Schedule "F" of this term sheet,

in each case, and together, to the extent not cancelled, reduced or

transferred under this term sheet (the **Commitments**).

FUNDING GAP RIGHT:

The DIP Lenders shall have the right, but not the obligation to fund any shortfall of any DIP Advance requested from another DIP Lender, and such shortfall shall be funded by the DIP Lenders who choose to exercise such right (the **Exercising DIP Lenders**), *pro rata* based upon the aggregate commitments of all Exercising DIP Lenders.

GUARANTEE:

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by the Borrower of the Borrower's indebtedness, obligations and liabilities arising under, or in connection with, the DIP Facility or under the DIP Credit Documentation;
- (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any DIP Credit Documentation, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Loan Party under the DIP Credit Documentation, regardless of any intermediate payment or discharge in whole or in part.

Reinstatement

If any payment by a Loan Party or any discharge given by a Finance Party (whether in respect of the obligations of any Loan Party or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of each Loan Party shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Loan Party, as if the payment, discharge, avoidance or reduction had not occurred.

Waiver of defences

The obligations of each Guarantor under this Section will not be affected by an act, omission, matter or thing which, but for this Section, would reduce, release or prejudice any of its obligations under this Section (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Loan Party or other person;
- (b) the release of any other Loan Party or any other person under the terms of any composition or arrangement with any creditor of the Borrower or its affiliates;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Loan Party or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Loan Party or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any DIP Credit Documentation or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any DIP Credit Documentation or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any DIP Credit Documentation or any other document or security; or
- (g) any insolvency or similar proceedings.

Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Section. This waiver applies irrespective of any law or any provision of a DIP Credit Documentation to the contrary.

Until all amounts under the DIP Credit Documentation have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may realise on any security or apply any moneys received by it in respect of those amounts in such manner and

order as it sees fit.

Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Loan Parties under or in connection with the DIP Credit Documentation have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the DIP Credit Documentation:

- (a) to be indemnified by a Loan Party;
- (b) to claim any contribution from any other guarantor of any Loan Party's obligations under the DIP Credit Documentation; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the DIP Credit Documentation or of any other guarantee or security taken pursuant to, or in connection with, the DIP Credit Documentation by any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Loan Parties under or in connection with the DIP Credit Documentation to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same as the Agent may direct for application.

Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

**FUNDING CONDITIONS
UNDER THE DIP FACILITY:**

After the Court (as defined below) issues the Initial Order or the Confirming DIP Order (as defined below) and upon the satisfaction of the additional conditions in this term sheet (together with paragraphs (a), (b) and (c) below the **Funding Conditions**), the DIP Lenders shall fund DIP Advances on the terms and conditions set out in this term sheet (the **DIP Funding**), provided, however, that the DIP Lenders shall not be obligated to provide any DIP Funding if any one or more of the following occurs:

- (a) the Initial Order or the Confirming DIP Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not reasonably acceptable to the DIP Lenders (in their sole and absolute discretion);
- (b) a Default or Event of Default (each as defined below) has

occurred and is continuing under the DIP Facility or would result from it; or

- (c) any action or event after the date hereof (other than the suspension of the Loan Parties' brokered business or the issuance of the Initial Order and the TPL Protection Order as each relates to third party lender accounts receivable, or the issuance of any order authorizing, directing or ratifying the suspension of the Loan Parties' brokered business) has occurred which has resulted in, or may result in, a change, condition, event or occurrence, which, when considered individually or together with all other changes, conditions, events or occurrences could reasonably be expected to have a material adverse effect (or series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse effect on): (i) the condition (financial or otherwise), business, performance, prospects beyond the CCAA Cash Flow period, operation or property) of any Loan Party (including, a material adverse qualification (other than a 'going concern' qualification) to any of the financial statements of any Loan Party; a material adverse misstatement of the financial statements; or if after the date of this term sheet, it is determined by any Loan Party, its auditors or accountants, or the CRO, that a restatement of any Loan Party's financial statement is or is likely to be necessary or there is a material adverse restatement of any Loan Party's financial statements); (ii) the ability of any Loan Party to carry on its business as presently conducted other than as a result of the suspension of the Loan Parties brokered business; (iii) the ability of any Loan Party to timely and fully perform any of its obligations under this term sheet or any other DIP Credit Documentation, or any Court Order; (iv) the Collateral; or (v) the validity or enforceability of this term sheet or any DIP Credit Documentation, or the rights and remedies of the DIP Lenders under this term sheet or any such DIP Credit Documentation (a Material Adverse Change).

MATURITY DATE AND REPAYMENT:

Subject to the terms of the Initial Order, the DIP Facility shall be repayable in full on the earlier of:

- (a) the date on which a demand is made following the occurrence of any Event of Default which is continuing;
- (b) 180 days from the date of the Initial Order;
- (c) the date an Approved Transaction (as defined below) is consummated; and
- (d) the date on which the stay of proceedings pursuant to the Initial Order expires without being extended or on which the CCAA Proceedings are terminated,

(the Maturity Date).

The Commitments of the DIP Lenders in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date, without the DIP Lenders being required to make demand upon the Borrower or any other Loan Party or to give notice that the DIP Facility has expired and the obligations are due and payable.

The DIP Obligations under this term sheet shall not be fully and finally discharged, and the DIP Priority Charge shall not be released, until all DIP Obligations, including the Exit Amounts, have been satisfied in full.

Repayments of the DIP Facility shall be made in Canadian Dollars.

**CASH FLOW
PROJECTIONS:**

The Borrower, with the assistance of the Monitor, shall have provided to the DIP Lenders, NRF and Goodmans prior to the execution of the Initial Term Sheet the cash flow projections to be attached as **Schedule "A"**, in form and substance, and containing such details as shall be, satisfactory to the DIP Lenders and the DIP Lenders shall confirm their satisfaction with same prior to the execution of this term sheet, acting reasonably, reflecting the projected cash requirements of the Borrower from (but not including) May 16, 2014 through the period ending October 10, 2014 (the **CCAA Cash Flow**).

The Borrower, with the assistance of the CRO and the Monitor, shall keep the DIP Lenders apprised on a weekly basis of its and the other Loan Parties (on a consolidated basis) cash flow requirements by providing subsequent cash flow projections, in form and substance satisfactory to the DIP Lenders, acting reasonably, by no later than 2 pm (Toronto, ON time) on the Wednesday of each week and containing a comparison of the previous week's actual cash flow to the projections for that previous week (in each case on a consolidated basis) (individually, a **Cash Flow Projection** and together with the CCAA Cash Flow, collectively, the **Cash Flow Projections**).

If a Drawdown Certificate is delivered, it shall be delivered concurrently with the Cash Flow Projection for that week.

BUSINESS PLAN:

The Borrower, with the assistance of the CRO and the Monitor and in consultation with the DIP Lenders, shall provide to the DIP Lenders, NRF and Goodmans no later than May 30, 2014, a revised operational business plan for the business (the **Business Plan**) in form and content satisfactory to the DIP Lenders, acting reasonably, and the funding available under this term sheet and the Cash Flow Projections shall be adjusted accordingly (subject always to the Maximum Amount).

**DIP LENDERS' RIGHT TO
APPOINT A FINANCIAL
ADVISOR**

The DIP Lenders shall have the right to engage Houlihan Lokey Capital, Inc. (**Houlihan Lokey**) as financial advisor to assist them in relation to this term sheet, the CCAA Proceedings or any potential Plan or Sale Transaction (the **DIP Lenders' Financial Advisor**).

The Borrower shall remain liable to pay the amount of US\$250,000 as a DIP financing fee and a US\$100,000 work fee (with respect to services provided up to the date of this term sheet) to Moelis & Company as financial advisor to the DIP Lenders under the Initial Term Sheet. Such fees shall be paid directly to Moelis & Company from the proceeds of the first DIP Advance following the date hereof.

AVAILABILITY UNDER DIP FACILITY:

The Borrower shall not be entitled to issue a Drawdown Certificate until the terms and conditions contained in this term sheet (including, without limitation the following) are satisfied in the DIP Lenders' sole discretion.

Each DIP Advance shall be disbursed from an account of the applicable DIP Lender to the Borrower on the date specified by the Borrower in the Drawdown Certificate, which date must be not less than three (3) Business Days and not more than seven (7) Business Days after receipt by the DIP Lenders with copy to NRF and Goodmans of the Drawdown Certificate (attached to it shall be the most recent Cash Flow Projection applicable to the DIP Advance requested in the Drawdown Certificate) executed by the CRO on behalf of the Borrower (and containing the confirmation by the Monitor set out in the form of such Drawdown Certificate in respect of paragraphs (a) and (b), provided however that in doing so, the Monitor shall not incur any personal liability), certifying, *inter alia*, that:

- (a) the drawdown is based on the funding requirements of the Borrower and the Loan Parties at the time of the draw and in an amount sufficient to ensure that the cash balance of the Borrower and the Loan Parties shall not fall below the amount of CDN\$3 million during the week in which the drawdown is made, based on, and in accordance with, the Cash Flow Projections and pursuant to paragraph 5 of the TPL Protection Order;
- (b) the drawdown is no greater than the amount of DIP Advances shown to be required in the most recent Cash Flow Projections delivered to the DIP Lenders for that week; provided, however, that a DIP Advance may exceed the amount shown in the most recent Cash Flow Projections by the greater of CDN\$1 million or 10% of DIP Advances already made, measured on a cumulative basis from (but not including) May 16, 2014 to the date of such DIP Advance (in each case, as reflected in the Cash Flow Projections and without giving effect, in such calculation, to any fees which may be payable to the CRO, if any), subject always to the Maximum Amount and the terms of this term sheet;
- (c) the drawdown is no less than the Minimum Draw amount;
- (d) the Borrower is in compliance with this term sheet and the other DIP Credit Documentation (as defined below); and
- (e) no Default or Event of Default has occurred and is

continuing and none will occur, as a result of the DIP Advance.

**VOLUNTARY
PREPAYMENTS:**

Subject to the other provisions of this term sheet, the Borrower and the Guarantors shall be entitled to voluntarily prepay any principal amount of the DIP Obligations together with accrued interest on the amount prepaid, in whole or in part in any circumstances without penalty or premium.

The DIP Obligations under this term sheet shall not be fully and finally discharged, and the DIP Priority Charge shall not be released, until all DIP Obligations, including the Exit Amounts, have been satisfied in full.

**MANDATORY
PREPAYMENTS**

Provided that the Borrower will have sufficient remaining cash and other assets (on a net realizable value basis) to satisfy all obligations of the Borrower for Priority Payables:

- (a) At the option of the DIP Lenders, the Borrower shall make the following mandatory prepayments of the DIP Obligations, if any, at the time of receipt of the net cash proceeds described below, in an amount equal to 100% of the net cash proceeds:
 - (i) of any sale or disposition (including as a result of casualty or condemnation) of any of its property, assets, or undertakings outside the ordinary course of business with net proceeds greater than CDN\$25,000 in the aggregate, that are not used by such Loan Party to replace or repair any such lost or damaged property, asset or undertaking;
 - (ii) from any extraordinary receipts of cash outside of the ordinary course of business, including, without limitation, (A) any proceeds of insurance paid on account of any loss or damage of any property, assets, or undertakings of any Loan Party; and (B) judgements, awards, proceeds of settlements or other consideration of any kind in connection with any cause of action;
- (b) The Borrower shall make a mandatory prepayment of the DIP Obligations, immediately upon receipt of any Tax Refund (as defined below), in an amount equal to 100% of each such Tax Refund; and
- (c) All net cash proceeds from any of the events described above shall be applied, except as otherwise agreed to by the DIP Lenders in writing, as follows:
 - (i) *first*, to pay unpaid and accrued interest on, and fees and expenses payable in respect of, the DIP Obligations; and
 - (ii) *second*, to repay any principal amounts of the DIP

Obligations.

Amounts applied in prepayment may not be re-borrowed, without the prior written consent of the DIP Lenders.

INTEREST RATE:

The interest rate applicable in respect of the aggregate amount of DIP Advances (together with any capitalised interest) under the DIP Facility:

- (a) in respect of the first CDNS\$8,500,000, shall be 12.50% per annum payable monthly in arrears provided that all such accrued and unpaid interest will be capitalised (and not paid in cash) and added to the outstanding principal balance of the loan and all such capitalised interest shall be due and payable on the date of the first DIP advance following the Confirming DIP Order; and
- (b) in respect of the Additional Commitment, shall be 17.50% *per annum* payable monthly in arrears provided that all such accrued and unpaid interest will be capitalised (and not paid in cash) and added to the outstanding principal balance of the loan and all such capitalised interest shall be due and payable on the Maturity Date, and

shall be payable on the amounts owing under the DIP Facility (including any capitalised interest). For the avoidance of doubt, total interest payable shall be the sum of those amounts determined in subsections (a) and (b) above.

Interest shall be calculated daily for the actual number of days elapsed in the period during which it accrues based on a year of 365 days and interest shall compound on each payment date, to the extent not paid when due.

If the DIP Obligations are not repaid when due, subject to applicable law, all amounts then owing under or in respect of the DIP Advances will bear interest at the applicable interest rate plus 2% *per annum*, compounded monthly on the last day of each month, and payable on demand.

For purposes of the *Interest Act* (Canada), where in this term sheet a rate of interest is to be calculated on the basis of a year of 365 days, the yearly rate of interest to which the rate is equivalent is the rate multiplied by the actual number of days in the year for which the calculation is made and divided by 365, as applicable.

The parties shall comply with the following provisions to ensure that no receipt by the DIP Lenders of any payments to the DIP Lenders under this term sheet would result in a breach of section 347 of the *Criminal Code* (Canada):

- (a) If any provision of this term sheet or any of the DIP Credit Documentation would obligate the Loan Parties to make any payment to the DIP Lenders of an amount that constitutes "interest", as such term is defined in the

Criminal Code (Canada) and referred to in this section as "Criminal Code interest", during any one-year period after the date of the first DIP Advance in an amount or calculated at a rate which would result in the receipt by the DIP Lenders of Criminal Code interest at a criminal rate (as defined in the *Criminal Code* (Canada) and referred to in this section as a "criminal rate"), then, notwithstanding such provision, that amount or rate during such one-year period shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in the receipt by the DIP Lenders during such one-year period of Criminal Code interest at a criminal rate, and the adjustment shall be effected, to the extent necessary, as follows:

- (i) *first*, by reducing the amount or rate of interest required to be paid to the DIP Lenders during such one-year period; and
- (ii) *thereafter*, by reducing any upfront fees and liquidity payments and other amounts (if any) required to be paid to the DIP Lenders during such one-year period which would constitute Criminal Code interest.

The dollar amount of all such reductions made during any one-year period is referred to in this section as the **Excess Amount**.

- (b) Any Excess Amount shall be payable and paid by the Loan Parties to the DIP Lenders in the then next succeeding one-year period or then next succeeding one-year periods until paid to the DIP Lenders in full, subject to the same limitations and qualifications set out in paragraph (a), so that the amount of Criminal Code interest payable or paid during any subsequent one-year period shall not exceed an amount that would result in the receipt by the DIP Lenders of Criminal Code interest at a criminal rate.
- (c) Any amount or rate of Criminal Code interest referred to in this section shall be calculated and determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any DIP Advances remain outstanding on the assumption that any charges, fees or expenses that constitute Criminal Code interest shall be *pro-rated* over the period commencing on the date of the first DIP Advance and ending on the relevant Maturity Date (as may be extended by the DIP Lenders from time to time under this term sheet) and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the DIP Lenders shall be conclusive for the purposes of such calculation and

determination.

DIP FINANCING FEE:

The Borrower shall pay a fee (the DIP Financing Fee), in respect of the establishment of this DIP Facility and the commitment to provide the DIP Funding:

- (a) to the Initial DIP Lenders, for their own account and *pro rata* to their respective Initial DIP Lender Commitments, in the amount of 3.5% of CDN\$8,500,000 earned and payable upon Court approval of the Initial Term sheet (which such amount has been fully paid to the Initial DIP Lenders);
- (b) to the DIP Lenders *pro rata* to their respective Commitments (for greater certainty, excluding the Initial DIP Lender Commitments), in the amount of 5% of CDN\$6,000,000 which shall be fully earned and payable upon the Court approval of this term sheet and shall be paid from the proceeds of the first DIP Advance following the date hereof; and
- (c) if the Extension Option is exercised, to the DIP Lenders (excluding the Non-exercising DIP Lenders) in the amount of 5% of CDN\$2,000,000, *pro rata* based upon their respective share of the Extension Amount, which shall be fully earned and payable upon the later of Court approval of this term sheet and the date the Extension Option is exercised and shall be paid from the proceeds of the first DIP Advance immediately following the exercise date of the Extension Option.

EXIT AMOUNT:

The Borrower shall pay to Senior Secured Noteholders who are also DIP Lenders additional consideration (the Exit Amount) in respect of the principal amount of indebtedness owed under the Senior Secured Notes as distributed pursuant to the Plan or Sale Transaction, as the case may be (pro rata to their respective Commitments, for greater certainty excluding the Initial DIP Lender Commitments) in an amount equal to, in the case of the first CDN\$40 million of Excess, 15% of such Excess; which right to payment shall be fully vested on the date hereof and payable on the closing date or implementation date of an Approved Transaction, out of the closing proceeds of the Sale Transaction, or out of the consideration being offered pursuant to the Plan, which additional consideration shall have the same priority as the other DIP Obligations.

Notwithstanding any other provision of this Term Sheet, the DIP Lenders agree that no Exit Amount shall be payable in the event that all obligations under the Indenture and the Senior Secured Notes are paid in cash out of the closing proceeds of the Sale Transaction, or out of the consideration being offered pursuant to the Plan.

For the purpose of this Section, Excess shall mean, the difference between:

- (a) (i) in the case of a Sale Transaction(s), the purchase price (taking into account any assumption of debt and potential contingent consideration included therein) offered by the purchaser(s) or the proceeds from a liquidation; or (ii) the enterprise value used in determining the proposed distributions, pursuant to Plan transaction(s), in each case, involving any Loan Party; and (iii) any other sources of distributable value, including without limitation any cash or value received by any Loan Party or any of its affiliates in or outside the ordinary course from: (A) proceeds of insurance, (B) judgements, proceeds of settlements or other consideration of any kind in connection with any cause of action, (C) indemnity payments to the extent not made to reimburse a payment made by a Loan Party; or (D) any other amounts or recoveries received by or forming part of the estate of any Loan Party and deemed by the DIP Lenders to be applicable to this calculation not including any Tax Refunds; and
- (b) the amount equal to the sum of CDN\$20.5 million plus the amounts actually paid under the Priority Lien Credit Agreement out of the closing proceeds of the Sale Transaction, or out of the consideration being offered pursuant to the Plan, minus the aggregate amount of all Tax Refunds received by the Loan Parties since April 11, 2014 (whether or not such amounts were applied in repayment of the DIP Obligations).

**DIP SECURITY AND
PRIORITY:**

All obligations of the Borrower under, or in connection with, the DIP Facility, this term sheet and any other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lenders, acting reasonably, shall be secured by a first super priority charge (subject only to: (i) any Priority Payables; (ii) the TPL Charge (which shall rank *pari passu*) (iv) the KERP Charge (which shall rank *pari passu*); (iii) PMSIs; and (v) in respect of the assets of the English Entities only, the English Registrations (as defined below)), over all present and after-acquired property, assets and undertakings of the Loan Parties, including, without limitation, accounts, rights of repayments or reimbursement, claims for cash, accounts receivable and proceeds thereof, and all cash whether in any Loan Party's bank accounts or elsewhere and, subject to (i), (ii), (iii), (iv) and (v) above, ahead of and senior to all other creditors, interest holders, lien holders and claimants of any kind whatsoever, pursuant to a Court ordered charge under the CCAA (the DIP Priority Charge) and any Additional DIP Security Documents (as defined below).

The Borrower agrees that, with respect to the Director's Charge, an amount equal to CDN\$1,250,000 of the Director's Charge shall rank in priority to the DIP Priority Charge and the remaining CDN\$1,250,000 of the Director's Charge shall rank behind any liens granted in connection with the Priority Lien Credit Agreement.

**ADDITIONAL CONDITIONS
PRECEDENT TO EACH DIP**

The DIP Lenders shall have no obligation to fund a DIP Advance unless the conditions set forth in this term sheet are in form and

ADVANCE:

substance satisfactory to the DIP Lenders (unless waived by the DIP Lenders):

- (a) The Initial Order and the Confirming DIP Order shall be in full force and effect and shall not (in whole or in part) have been revised, rescinded, reversed, modified, amended, stayed, vacated, appealed or subject to stay pending appeal or otherwise challenged, unless otherwise consented to by the DIP Lenders, acting reasonably;
- (b) An order (the **Confirming DIP Order**), in form and substance satisfactory to the DIP Lenders, shall have been issued by the Court including:
 - (i) provisions approving this term sheet and the DIP Facility created in it, the execution and delivery by the Loan Parties of this term sheet and such other documents as the DIP Lenders deem necessary or appropriate, acting reasonably, and directing the Loan Parties to comply with the terms hereof;
 - (ii) provisions confirming that the DIP Lenders shall be entitled to rely on the "DIP Priority Charge" granted by the Initial Order for all DIP Obligations under this term sheet;
 - (iii) provisions authorizing and directing the Loan Parties to execute and deliver such loan and security documents relating to the DIP Facility and such security documents evidencing the DIP Priority Charge in such form and substance as the DIP Lenders may reasonably require;
 - (iv) provisions authorizing the DIP Lenders to effect registrations, filings and recordings wherever in their discretion they deem appropriate regarding the DIP Priority Charge;
 - (v) provisions confirming that the DIP Obligations under this term sheet and the documents delivered pursuant to it (including without limitation, the Additional DIP Security Documents (as defined below)) (collectively, the **DIP Security**) shall benefit from the same priority as the "DIP Priority Charge" granted by the Initial Order and shall have priority over all present and future charges, encumbrances and security, whether legal or equitable, other than (A) any Priority Payables; (B) PMSIs; (C) the TPL Charge (which shall rank *pari passu*); and (D) the KERP Charge (which shall rank *pari passu*);
 - (vi) provisions providing that the DIP Priority Charge shall be valid and effective to secure all of the obligations of the Loan Parties to the DIP Lenders without the necessity of the making of any

registrations or filings and whether or not any other documents are executed by the Loan Parties and/or the DIP Lenders pursuant to this term sheet;

- (vii) provisions declaring that the granting of the DIP Priority Charge and all other documents executed and delivered to the DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Priority Charge, do not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable federal or provincial legislation; and
 - (viii) provisions confirming that references in the Initial Order to "DIP Facility", "Term Sheet", "DIP Lenders", "Agent" and "DIP Obligations" shall mean, and apply to, references to this term sheet and the DIP Facility, the DIP Lenders, the Agent and the DIP Obligations contemplated under this term sheet, and the Definitive Documents delivered in connection with this term sheet;
- (c) The DIP Lenders shall have received evidence satisfactory to them in their sole discretion, that the Borrower's Account has been opened by the Borrower;
 - (d) The DIP Lenders, Norton Rose Fulbright Canada LLP (NRF) and Goodmans LLP (Goodmans) shall have received weekly updates of the Borrower's cash flow requirements by providing subsequent Cash Flow Projections and the same shall be in form and substance, and contain such details as shall be, satisfactory to the DIP Lenders, acting reasonably;
 - (e) The DIP Lenders shall be satisfied that each of the Loan Parties has, to such Loan Parties' knowledge or to the extent such Loan Party could reasonably be expected to know, complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to its business (other than in respect of (i) those matters disclosed in the affidavit of Steven Carlstrom dated April 14, 2014, including in respect of its payday loan lender's licence in Ontario under the *Payday Loans Act, 2008* (Ontario) and its payday loan lender's license in Manitoba under the *Consumer Protection Act* (Manitoba); and (ii) those other matters disclosed to the DIP Lenders in writing prior to the date hereof with respect to regulatory matters in Manitoba relating to the *Consumer Protection Act* (Manitoba), regulatory matters in Nova Scotia relating to section 18HD of the *Consumer Protection Act* (Nova Scotia)) and in respect of the suspension of the Borrower's brokered business;

- (f) The DIP Lenders shall be satisfied that there are no Liens ranking ahead of, or *pari passu* with, the DIP Priority Charge and the DIP Security, except for (i) Priority Payables, including the Administration Charge and the Director's Charge but, with respect to the Director's Charge, only to the extent of an amount equal to CDN\$1,250,000, (ii) the TPL Charge (which shall rank *pari passu*), (iii) the KERP Charge (which shall rank *pari passu*), (iv) PMSIs, and (v) in the case of the English Entities only, the English Registrations;
- (g) The DIP Lenders shall be satisfied that the Loan Parties continue to have valid and effective operating licences in all provinces and territories in which they currently operate with a licence;
- (h) All reasonable and documented expenses of the DIP Lenders incurred up to the date of each DIP Advance in connection with this term sheet and the CCAA Proceedings, including, without limitation, the reasonable and documented fees of legal counsel and financial advisors to the DIP Lenders including Houlihan Lokey, shall have been paid in full from the proceeds of the applicable DIP Advance hereunder;
- (i) The Loan Parties shall be in compliance with all their covenants under this term sheet and any other DIP Credit Documentation;
- (j) All representations and warranties contained in this term sheet and any other DIP Credit Documentation remain true and correct in all material respects as of the date of issuance of the relevant DIP Advance (unless stated to related to a specific earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date);
- (k) The issuance of any DIP Advance shall not violate any applicable law, judgement or order of any court of competent jurisdiction;
- (l) The Loan Parties shall have disclosed in writing all employment agreements for any and all senior officers and senior managers of the Loan Parties earning CDN\$100,000 (or its equivalent in an alternative currency) or more *per annum*, including all bonuses and other cash compensation;
- (m) The Loan Parties shall have provided to the DIP Lenders (or NRF, Goodmans and Houlihan Lokey) a complete and accurate list of all Material Contracts and amendments thereto;
- (n) Blue Tree Advisors Inc. (the CRO), shall continue to be the CRO and the scope of authority of the CRO shall not be changed unless such change is acceptable to the DIP

Lenders, acting reasonably;

- (o) Before any amount can be paid, loaned or transferred to any Loan Party that carries on business in England & Wales (the **English Entities**), the DIP Lenders shall have received from such English Entities such DIP Credit Documentation as the DIP Lenders shall require in order to obtain valid and enforceable guarantees and security interests in all of the assets of the English Entities;
- (p) There shall not exist in Canada in respect of any Loan Party any action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental authority which is not stayed by the Initial Order other than (i) the CCAA Proceedings; (ii) those matters disclosed in the affidavit of Steven Carlstrom dated April 14, 2014, including in respect of its payday loan lender's licence in Ontario under the *Payday Loans Act, 2008* (Ontario) and its payday loan lender's license in Manitoba under the *Consumer Protection Act* (Manitoba); (iii) those other matters disclosed to the DIP Lenders in writing prior to the date hereof with respect to regulatory matters in Manitoba relating to the *Consumer Protection Act* (Manitoba), regulatory matters in Nova Scotia relating to section 18HD of the *Consumer Protection Act* (Nova Scotia) and in respect of the suspension of the Borrower's brokered business; and (iv) such regulatory matters that cannot be disclosed pursuant to applicable law; and
- (q) Receipt by NRF, Goodmans and Houlihan Lokey of all written expressions of interest, letters of interest and other relevant documents from all parties, in each case in the possession of the Loan Parties, relating to a Plan, Sale Transaction, or any other recapitalization or restructuring transaction involving any Loan Party received during the Sale Process or otherwise since January 1, 2012.

For greater certainty, the DIP Lenders shall not be obligated to advance or otherwise make available any funds pursuant to this term sheet unless and until all of the Funding Conditions and all other conditions to the funding as set forth in this term sheet, have been satisfied and all the foregoing documentation and confirmations, together with the documentation and confirmations set forth in all other conditions to funding set forth in this term sheet have been obtained, in a form and content satisfactory to the DIP Lenders.

REPRESENTATIONS AND WARRANTIES:

The Borrower represents and warrants to the DIP Lenders, upon which the DIP Lenders rely in entering into this term sheet and the other DIP Credit Documentation, that:

- (a) The transactions contemplated by this term sheet and other DIP Credit Documentation, including the DIP Security:

- (i) are within the powers of the Loan Parties;
 - (ii) have been duly executed and delivered by or on behalf of the Loan Parties;
 - (iii) upon the granting of the Initial Order and of the Confirming DIP Order, constitute legal, valid and binding obligations of the Loan Parties, enforceable in accordance with their terms;
 - (iv) upon the granting of the Initial Order and of the Confirming DIP Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings that may be made to register or otherwise record the DIP Security; and
 - (v) to the Borrower's knowledge, will not violate the charter documents or by-laws of the Loan Parties or any applicable law relating to such party;
- (b) To its knowledge or to the extent the Borrower could be reasonably expected to know, the business operations of the Loan Parties have been and will continue to be conducted in compliance with all laws of each jurisdiction in which the business has been or is carried out, other than in respect of those matters disclosed in the affidavit of Steven Carlstrom dated April 14, 2014, including in respect of its payday loan lender's licence in Ontario under the *Payday Loans Act, 2008* (Ontario) and its payday loan lender's license in Manitoba under the *Consumer Protection Act* (Manitoba), and those other matters disclosed to the DIP Lenders with respect to regulatory matters in Manitoba relating to the *Consumer Protection Act* (Manitoba), regulatory matters in Nova Scotia relating to section 18HD of the *Consumer Protection Act* (Nova Scotia) and in respect of the suspension of the Borrower's brokered business;
- (c) To the Borrower's knowledge, each Loan Party has obtained all licenses and permits required for the operation of its business, which licenses and permits remain in full force and effect and no proceedings have been commenced or threatened to revoke or amend any of such licenses or permits, in each case other than in respect of those matters disclosed in the affidavit of Steven Carlstrom dated April 14, 2014, including in respect of the lending licence required under the *Payday Loans Act* (Ontario) 2008 for the purposes of the Borrower's operations in Ontario, and those other matters disclosed to the DIP Lenders in writing prior to the date hereof with respect to regulatory matters in Manitoba with respect to the *Consumer Protection Act* (Manitoba) and regulatory matters in Nova Scotia relating to section 18HD of the *Consumer Protection Act* (Nova Scotia);

- (d) Each Loan Party has filed all tax returns and paid all taxes owing for all prior fiscal periods;
- (e) The Loan Parties own their assets and undertaking free and clear of all liens other than Permitted Liens and potential claims of third party lenders including pursuant to the TPL Protections;
- (f) No Loan Party has a pension plan;
- (g) The Borrower and each of its subsidiaries has been duly incorporated and is validly existing under the law of its jurisdiction of incorporation except for those subsidiaries listed in Schedule "D" (the Inactive Affiliates);
- (h) The Borrower has no other subsidiary other than the Loan Parties and the Inactive Affiliates;
- (i) No Inactive Affiliate: (i) carries on any business whatsoever, (ii) owns any inventory, accounts or any other personal or real property and assets, and (iii) has granted a Lien to any person and no person otherwise has a Lien against it or its personal or real property and assets;
- (j) To its knowledge or to the extent it could reasonably be expected to know, each Loan Party maintains adequate insurance coverage, except with respect to directors and officers insurance, of such type, in such amounts and against such risks as is prudent for a business of its nature with financially sound and reputable insurers and contain coverage and scope;
- (k) Each Loan Party has maintained its obligations for payroll, source deductions, retail sales tax, and Harmonized Sales Tax/Goods and Services Tax, and is not in arrears of its statutory obligations to pay or remit any amount in respect of these obligations;
- (l) The Loan Parties are not aware of any introduction, amendment, repeal or replacement of any law or regulation being made or proposed which may result in a Material Adverse Change other than in respect of (i) those matters disclosed in the affidavit of Steven Carlstrom dated April 14, 2014; and (ii) those other matters disclosed to the DIP Lenders in writing, with respect to regulatory matters in Manitoba relating to the *Consumer Protection Act (Manitoba)* and regulatory matters in Nova Scotia relating to section 18HD of the *Consumer Protection Act (Nova Scotia)*;
- (m) The Loan Parties have not entered into any material transaction or other written contractual relationship with any Related Party other than as provided to the DIP Lenders as part of their diligence, including whatever is posted in the data room prior to the date of this term

sheet, other than currently existing employment arrangements;

- (n) All of the third party lenders to any of the Loan Parties and all contractual arrangements with such parties have been disclosed by the Borrower to the DIP Lenders, and each such party and each such arrangement is set out in Schedule "G" to this term sheet;
- (o) Other than as stayed pursuant to the Initial Order, the commencement of the CCAA Proceedings will not trigger change of control provisions or severance obligations, in each case, which would entitle any officer or director of any Loan Party to claim additional compensation or severance;
- (p) Except for the KERP, there have been no extensions, supplements or amendments to the employment agreements of any senior officers or senior managers of the Loan Parties earning CDN\$100,000 (or its equivalent in an alternative currency) or more *per annum*, including all bonuses and other cash compensation, and there are no other written employment agreements for any such senior officers or senior managers;
- (q) No trusts have been established by any Loan Party in respect of any of their respective directors or officers;
- (r) All payments to shareholders, directors, senior executives and their related parties, and any Related Party (as defined below), whether under contract or otherwise, including bonus payments, transaction payments, change of control payments, management fees, consulting or advisory fees or amounts payable in respect of reimbursement, in each case occurring between December 31, 2012 and the date of this term sheet (all such payments being Related Party Payments) have been disclosed in the December 31, 2013 financial statements of the Borrower or to the DIP Lenders in writing and, to the extent contemplated for future payment, have been included and specified in the Cash Flow Projections;
- (s) Other than as stayed pursuant to the Initial Order, there is not now pending or, to the knowledge of any of the senior officers or directors of any Loan Party, threatened against any Loan Party, nor has any Loan Party received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration or other proceeding by or before any court, tribunal, governmental entity or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, a Material Adverse Change;
- (t) All Material Contracts are in full force and effect and are valid, binding and enforceable in accordance with their terms against any Loan Party, party to them, except: (i) as

such enforceability may be limited by bankruptcy, insolvency, reorganisation, moratorium or other similar laws relating to or affecting the rights of creditors; or (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity);

- (u) All relevant information in the possession of any Loan Party, or the advisors to any of them, concerning Tax Refunds has been provided to NRF, Goodmans and Houlihan Lokey;
- (v) There are no agreements of any kind between any Loan Party, any Related Party, and any other holder of debt or equity securities of any Loan Party with respect to any restructuring, refinancing or recapitalisation matters; and
- (w) No Default or Event of Default has occurred and is continuing.

**AFFIRMATIVE
COVENANTS:**

Each Loan Party agrees to do, or cause to be done, the following:

- (a) Allow the DIP Lenders reasonable access to the books and records of the Loan Parties, including internal memoranda, work papers and any other documents in the possession of any Loan Party, subject to solicitor-client privilege and applicable privacy laws, and cause management thereof to fully co-operate with the DIP Lenders;
- (b) Keep the DIP Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the Loan Parties and the CCAA Proceedings;
- (c) Deliver to the DIP Lenders the reporting and other information from time to time reasonably requested by the DIP Lenders and as set out in this term sheet including, without limitation, the Cash Flow Projections at the times requested and in form and substance satisfactory to the DIP Lenders;
- (d) Use the proceeds of the DIP Facility only for the Permitted Payments and in a manner consistent with the restrictions set out herein and the Cash Flow Projections;
- (e) Comply with the provisions of the Court orders made in connection with the CCAA Proceedings (collectively, the Court Orders and each a Court Order);
- (f) Preserve, renew and keep in full force its corporate existence and its existing licenses and any licences it obtains in the future;
- (g) Conduct all activities in accordance with the Cash Flow Projections previously approved by the DIP Lenders and

the credit limits established under the DIP Facility as set out hereunder;

- (h) Notify the DIP Lenders, NRF and Goodmans of the occurrence of any Default or Event of Default, or Material Adverse Change or of any event or circumstance that may materially affect the Cash Flow Projections, including any material change in its contractual arrangements or relationships with third parties;
- (i) Make commercially reasonable efforts to comply in all material respects with all applicable laws, rules and regulations applicable to its business;
- (j) (A) Provide the DIP Lenders, on a timely basis, with information on the proposed steps to be taken by the Loan Parties or their advisors to solicit initial bids or letters of intent for the business or assets of the Loan Parties (**Preliminary Indications of Interest**), which steps are to be acceptable to the DIP Lenders; (B) provide the DIP Lenders with copies of the written Preliminary Indications of Interest within two (2) Business Days of receipt of the same by the Loan Parties; and (C) if warranted in the circumstances after receipt of Preliminary Indications of Interest and in consultation with the DIP Lenders, provide the DIP Lenders with the Loan Parties' proposed sale and investment solicitation process (the **Sale Process**), which Sale Process shall be acceptable to the DIP Lenders and shall include the milestones set out in paragraph (s) below;
- (k) Notify the DIP Lenders, NRF and Goodmans immediately (on the day of receipt) of the receipt of any Tax Refund;
- (l) Receive and hold in trust, segregated from all other funds of the Loan Parties, for the benefit of the DIP Lenders, any and all tax refunds (as set out in, and as described as, "income taxes receivable" in the December 31 2013 financial statements of the Borrower) which are expected to be received from the Canada Revenue Agency, or any provincial tax authority, by the Borrower (or any Loan Party) (the **Tax Refunds**), and immediately upon receipt of any such Tax Refund, turn it over to the DIP Lenders to be applied as a mandatory prepayment in accordance with this term sheet.
- (m) Provide the DIP Lenders, NRF and Goodmans draft copies of all motions, applications, proposed orders (including without limitation, the draft Initial Order and Confirming DIP Order and any other orders in respect of the DIP Facility, DIP Credit Documentation or DIP Priority Charge) or other materials or documents that any of Loan Parties intend to file in the CCAA Proceedings at least three (3) Business Days prior to any such filing or, where it is not practically possible to do so within such time, as soon as possible, which all such filings shall be in form

and substance acceptable to the DIP Lenders or NRF, and when served and filed with the Court, such materials shall be in form which is, confirmed by the DIP Lenders to be, satisfactory.

- (n) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in advance by the DIP Lenders;
- (o) The DIP Lenders shall be entitled to have an observer attend all board and committee meetings of the Loan Parties and any such observer shall have all information disclosure rights that existing board members have;
- (p) The Loan Parties shall promptly provide notice to the DIP Lenders, NRF and Goodmans and keep them otherwise apprised of any material developments in respect of any licence or permit required for the operation of the Loan Parties' business, including with respect to any meetings or discussions with the Ontario regulator regarding obtaining a licence (on a provisional or full basis) to operate as a payday lender in Ontario under the Payday Loans Act, 2008, and of any notices, orders, decisions, letters, or other documents, materials, information or correspondence received from any regulatory authority having jurisdiction over the Loan Parties in respect of such licence or permit; it being hereby acknowledged by the DIP Lenders that the Borrower has provided them with copies of correspondence dated April 25, 2014 from Service Nova Scotia and dated April 16, 2014 from the Manitoba Consumer Protection Office;
- (q) Provide the DIP Lenders, NRF and Goodmans with draft copies of all letters, submissions, notices, or other materials or correspondence that any of the Loan Parties intend to file with or submit to any regulatory authority having jurisdiction over the Loan Parties relating to any licence or permit required for the operation of their business at least three (3) Business Days prior to such submission or filing or, where it is not practically possible to do so within such time, as soon as possible, which all such submissions or filings shall be in form and substance acceptable to the DIP Lenders;
- (r) Provide the DIP Lenders, NRF and Goodmans with any written proposal in respect of any Sale Transaction or Plan, or any amendments to any such proposal, which in each case is received by any of its representatives within two (2) Business Days of receipt by the Loan Parties and in any event before engaging in any discussions or further negotiations with the party which provided the proposal;
- (s) Subject to paragraph (j) above, on or before 52 days following the issuance of the Initial Order, the Borrower shall have obtained from the Court an Order approving the

Sale Process, in form and substance satisfactory to the DIP Lenders (the **Sale Process Order**); (ii) to the extent that the "Successful Bid" pursuant to the Sale Process is a Sale Transaction, the Borrower shall have obtained an Order from the Court, in form and substance satisfactory to the DIP Lenders, approving the Sale Transaction (the **Sale Approval Order**), by no later than 60 days following the date of the Sale Process Order, and the closing of the Sale Transaction shall have taken place no later than 60 days following the Sale Approval Order; (iii) to the extent that the "Successful Bid" pursuant to the Sale Process is a Plan transaction, the Borrower shall have obtained an Order from the Court, authorizing the Borrower to file the Plan and to call a meeting of creditors to vote on the Plan (the **Plan Filing and Meeting Order**) by no later than 60 days following the date of the Sale Process Order, the Borrower shall have obtained a sanction Order (the **Sanction Order**) in respect of the Plan by no later than 30 days following the date of the Plan Filing and Meeting Order, and the Plan transaction shall have been implemented by no later than 30 days following the date of the Sanction Order;

- (t) To the extent that the Sale Process does not generate any Sale Transaction or Plan: (i) the Loan Parties shall present the DIP Lenders with an Approved Transaction on or prior to 100 days from the date of the Initial Order (or such other date as the Borrower and the DIP Lenders may agree); (ii) with the consent of the DIP Lenders, the Loan Parties shall obtain creditor, court and regulatory approval of such Approved Transaction on or prior to 130 days of the Initial Order (or such other date as the Borrower and the DIP Lenders may agree); and (iii) upon each request for a DIP Advance hereunder, there shall be no adverse change in the status or progress of any Approved Transaction since the immediately preceding DIP Advance;
- (u) Execute and deliver, or cause each Guarantor (as applicable) to execute and deliver, loan and collateral security documentation (including any guarantees in respect of the indebtedness, obligations and liabilities of the Borrower arising under, or in connection with, the DIP Facility and the other DIP Credit Documentation) in a manner satisfactory in all respects to the DIP Lenders, acting reasonably, including, without limitation, such security agreements, including any additional documents that the DIP Lenders may require to ensure that the Tax Refunds are being held in trust for the benefit of the DIP Lenders, financing statements, discharges, opinions or other documents and information, in form and substance satisfactory to the DIP Lenders, acting reasonably (collectively, the **Additional DIP Security Documents**);
- (v) Complete of all necessary lien and other searches, together with all registrations, filings and recordings

wherever the DIP Lenders, acting reasonably, deem appropriate, in connection with the DIP Security, and satisfaction that there are no Liens affecting the property or assets of the Loan Parties except: (A) Liens granted to the lender under the Priority Lien Credit Agreement; (B) Liens granted to the noteholders under the Indenture; (C) Priority Payables, (D) Liens for leased equipment and not prohibited by this term sheet; (E) the Liens set out in Schedule "C" Permitted Liens; (F) Liens granted by the Court with the consent of the DIP Lenders in their sole discretion, including the Administration Charge, the Director's Charge, the KERP Charge, and the TPL Charge; and (G) PMSIs (collectively, the Permitted Liens);

- (w) Use its best efforts to obtain an estoppel certificate from each of Barclays Bank plc, Kerwal Limited and Portculis Investments Limited as secured parties in the assets of The Cash Store Limited as described in Schedule "C" hereto (collectively, the English Registrations); in form and substance satisfactory to the DIP Lenders;
- (x) Ensure that the CRO shall have responsibility and final decision making authority for all restructuring, sale and other similar matters (in consultation with the Monitor);
- (y) Cause each DIP Lender to be listed as the loss payee on the insurance policies of the Loan Parties on or before May 23, 2014;
- (z) Require all invoices, in respect of professional fees to be paid by any Loan Party, other than in respect of NRF and Houlihan Lokey, which shall be paid in accordance with, and at the times specified in, this term sheet, to be submitted: (i) in respect of financial advisors, no less frequently than monthly; and (ii) in respect of legal advisors, no less frequently than every two weeks, and all such invoices shall be subject to review and approval by the CRO and the Monitor prior to being settled, in each case in accordance with the Cash Flow Projections and this term sheet;
- (aa) Upon request, consult in good faith with the DIP Lenders, the CRO and the Monitor regarding whether and to what extent any of its Material Contracts should be amended and restated or otherwise addressed pursuant to the CCAA;
- (bb) Promptly upon becoming aware, provide details of,
 - (i) any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against any Loan Party, by or before any court, tribunal, governmental entity or regulatory body, which would be reasonably likely to result in,

individually or in the aggregate, a Material Adverse Change; and

- (ii) any existing (or threatened in writing) default or dispute with respect to any of the Material Contracts;
- (cc) Promptly upon request of the DIP Lenders (or NRF, Goodmans and Houlihan Lokey) provide to the DIP Lenders (or NRF, Goodmans and Houlihan Lokey) copies of all Material Contracts and amendments thereto;
- (dd) At the request of the DIP Lenders, cause any subsidiary which is not (i) an Inactive Affiliate or (ii) a Loan Party on the date of this term sheet to become a "Guarantor" under this term sheet; and
- (ee) Upon the issuance of the Confirming DIP Order, the Borrower shall use the proceeds of the first DIP Advance under the Additional Commitments to repay any remaining accrued and unpaid interest, including default interest, owing under the Initial DIP Lender Commitments.

**REPORTING
REQUIREMENTS:**

The Borrower will provide the DIP Lenders with such information about the financial condition of the Loan Parties, the CCAA Proceedings, and any other information that the DIP Lenders may reasonably request from time to time.

In addition, the Borrower shall disclose to the DIP Lenders, provide copies of, and include in the Cash Flow Projections, all retainers for professionals and advisors engaged by Loan Party, and all transaction, success, performance or change of control payments payable under or in connection with them, and all policies of directors' and officers' insurance maintained by any Loan Party.

These requirements are supplemental to and not *in lieu* of the requirements set out in the Section above entitled "*Cash Flow Projections*" and the other reporting requirements set out in this term sheet.

The Borrower, with the participation of the CRO and the Monitor, shall host weekly call updates with representatives of the DIP Lenders during which, the DIP Lenders shall receive updates as to the status of, and developments in, the CCAA Proceedings, the Sale Process, dealings with regulatory authorities with respect to licensing requirements, compliance with the Cash Flow Projections, or other matters related to the Loan Parties' business, any Sale Transaction or Plan, and on any other matter as the DIP Lenders shall request, acting reasonably.

NEGATIVE COVENANTS:

The Loan Parties covenant and agree not to do, or cause not to be done, the following other than with the prior written consent of the DIP Lenders:

- (a) Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over CDN\$ 25,000 at any one time or through a series of related transactions, or more than CDN\$ 75,000 in the aggregate;
- (b) Make any payment of existing (pre-filing) indebtedness or liability or make any payment that reduces any trade or unsecured liabilities of the Loan Parties; provided that the Loan Parties may make critical vendor payments to the extent contemplated in the CCAA Cash Flow and may make interest payments under the Priority Lien Credit Agreement;
- (c) Other than as stayed pursuant to the Initial Order, create or permit to exist any indebtedness other than: (A) debt owing under the Priority Lien Credit Agreement; (B) debt owing under the Indenture; (C) the DIP Obligations; (D) post-filing trade payables in the ordinary course of business; (E) if applicable, any debt relating to TPL Protections; (F) the Director's Charge; (G) the Administration Charge; (H) Priority Payables; and (I) if applicable, any obligations relating to the KERF;
- (d) Make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise) to any Loan Party, Inactive Affiliate or other affiliate of the Borrower or otherwise; or (ii) a retirement, redemption, purchase or repayment of other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon) to any Loan Party, Inactive Affiliate or other affiliate of the Borrower; or (iii) any other payments, loans or transfers to any Inactive Affiliate or English Entity or other affiliate of the Borrower which is not subject to the Initial Order, in each case other than with the prior consent of the DIP Lenders or as permitted under the CCAA Cash Flow, and, for greater certainty, in the case of paragraph (iii), no payment, loan or transfer shall be made to English Entities until condition precedent (o) of this term sheet is satisfied, in the DIP Lenders' sole discretion, and once such condition is met, payments, loans or transfers to English Entities shall be limited to the amounts set out in the CCAA Cash Flow;
- (e) Enter into any transaction or contractual relationship with any affiliate, Related Party or subsidiary or any of its or their directors or senior or executive officers or senior management, or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its or their directors or senior or executive officers or senior management, or make any payment to any of its or their directors or senior or executive officers or senior management, industry bonuses, change of control payments or severance packages of any kind whatsoever (other than as permitted under the CCAA Cash Flow only

so far as permitted by paragraph (d) above);

- (f) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the CCAA Cash Flow;
- (g) Other than in respect of the KERP make any payments on account of bonuses or new retainers (other than to the CRO or as contemplated in the CCAA Cash Flow) or establish or create any trust account in respect thereof;
- (h) Except with the written consent of the DIP Lenders, make any retention payments or any other type of payment (in cash, or otherwise) or enter into any assignment or transfer (whether voluntary or otherwise) of accounts receivable, cash, or any other property, or any swap of cash for accounts receivable, or other property with any third party lender other than as contemplated in the CCAA Cash Flow;
- (i) Other than for such arrangements as existed on the date of the Initial Order in respect of the Supplemental Compliance Order and in respect of the account to be established in respect of Tax Refunds (if any), establish or create any trust accounts;
- (j) Create or permit to exist any new Liens on any of its properties or assets other than the Priority Payables, Liens in favour of the DIP Lenders and Permitted Liens;
- (k) Make any capital expenditures other than as reflected in the CCAA Cash Flow;
- (l) Seek, obtain or support any Court Order that affects the DIP Lenders except with the prior written consent of the DIP Lenders, acting reasonably, which Court Order shall be in form and substance acceptable to the DIP Lender, acting reasonably;
- (m) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change the nature of their business or their corporate or capital structure or enter into any agreement committing to such actions;
- (n) Unless the transaction satisfies all of the DIP Obligations and payments that have priority over the DIP Priority Charge, in full, make a public announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business, if not approved in advance by the DIP Lenders;
- (o) Enter into, extend, renew, waive or otherwise modify in

any material respect the terms of any transaction with an affiliate, or extend or renew existing operational arrangements without the prior approval of the DIP Lenders;

- (p) Participate in any scheduled material discussions with a regulatory authority having jurisdiction over the Loan Parties relating to any licence or permit required for the operation of their business without providing the DIP Lenders, NRF and Goodmans reasonable advance notice of such discussions and discuss and agree with the DIP Lenders in advance regarding the conduct and nature of such discussions provided that the Loan Parties or their advisors shall be permitted to engage in unscheduled discussions with a regulatory authority, and shall following any such discussion, whether scheduled or unscheduled, advise the DIP Lenders, NRF and Goodmans of the content of those discussions aside from external counsel only matters;
- (q) Participate in any material discussions with any party (other than their legal and financial advisors) with respect to any Sale Transaction or Plan after the delivery by such party of a written expression of interest in respect of same, in each case without providing reasonable notice to the DIP Lenders, NRF and Goodmans, and an opportunity for a representative of NRF, Goodmans or Houlihan Lokey to participate in such discussions;
- (r) Enter into any settlement agreement or agree to any settlement arrangements with any regulatory authority or in connection with any litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are threatened or pending against any one of them without the DIP Lenders' prior consent, or make any payments or repayments to customers, outside the ordinary course of business, other than those set out in the CCAA Cash Flow;
- (s) Other than the suspension of the Borrower's brokered business, cease (or threaten to cease) to carry on its business or activities as they are currently being conducted or change their operations or business practices (including normal lending practices) without the prior approval of the DIP Lenders;
- (t) Seek, or consent to the appointment of, a receiver or trustee in bankruptcy without the prior consent of the DIP Lenders;
- (u) After the date hereof, purchase any additional insurance in respect of any director or officer of any Loan Party, including any "tail" insurance, without the prior written consent of the DIP Lenders;
- (v) Allow any proceeds of any directors' or officers' insurance

policies to be paid to any third party, including any fees paid to counsel in respect of pre-filing actions, suits, investigations, litigation or proceedings, without the prior written consent of the DIP Lenders other than with respect to fees paid to counsel with respect to such regulatory matters that cannot be disclosed pursuant to applicable law; and

- (w) Transfer the proceeds of any DIP Advance to any other account of the Borrower or any Loan Party other than the Borrower's Account.

EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default (Event of Default) under this term sheet:

- (a) Failure of the Borrower to pay: (i) interest, fees or other amounts when due under this term sheet or any other DIP Credit Documentation; (ii) principal when due under the DIP Facility; or (iii) legal fees of the DIP Lenders and the Agent and the DIP Lender's Financial Advisors within, in the case of paragraph (iii) only, two (2) Business Days of being invoiced therefore (if applicable);
- (b) Failure of any Loan Party to perform or comply with any term or covenant under this term sheet or any other DIP Credit Documentation (other than as set out in paragraph (a) above) unless remedied in two (2) days;
- (c) Any representation or warranty by a Loan Party made or deemed to be made in this term sheet or any DIP Credit Document is or proves to be incorrect or misleading in any material respect as of the date made or deemed to be made unless remedied in two (2) days;
- (d) Issuance of an order (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against any Loan Party or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receiving order against or in respect of any Loan Party, other than in respect of a non-material asset not required for the operations of any Loan Party's business and which is subject to a priority Lien; (ii) granting any other claim super priority status or a Lien equal or superior to that granted to the DIP Lenders other than the Priority Payables, including the Administration Charge and the Director's Charge (but, with respect to the Director's Charge, only to the extent of an amount equal to CDN\$1,250,000), the KERP Charge (which shall rank *pari passu*), the TPL Charge (which shall rank *pari passu*) and PMSIs; or (iii) staying, reversing, vacating or otherwise modifying this term sheet or the DIP Credit Documentation, any Court Order (including the Initial Order, the Confirming DIP Order and the DIP Priority Charge) or the entry of an order by the Court

having the equivalent effect, without the prior written consent of the DIP Lenders;

- (e) Unless consented to by the DIP Lenders, the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- (f) Other than the suspension of the Borrower's brokered business, any Loan Party ceases (or threatens to cease) to carry on business in the ordinary course, except where such cessation occurs in connection with a sale of all or substantially all of the assets of a Loan Party or other restructuring or reorganization of a Loan Party, which has been consented to by the DIP Lenders;
- (g) A Cash Flow Projection is not acceptable to the DIP Lenders, acting reasonably, unless remedied to the satisfaction of the DIP Lenders within two (2) Business Days or is not delivered to the DIP Lenders within three (3) Business Days of its due date under this term sheet;
- (h) The existence of an adverse variance of actual cash flows from the CCAA Cash Flow (without taking into account any positive variance in cash flow as a result of receiving the Tax Refund or any negative variance as a result of any fees which may be payable to a CRO), by an amount exceeding: (i) with respect to the Operating Cash Flow, the greater of CDN\$1.5 million or 15% during the first two weeks following the date of the Court order approving this term sheet, measured on a cumulative basis from (but not including) May 16, 2014; and thereafter, by the greater of CDN\$1 million or 15%, measured on a cumulative basis from (but not including) May 16, 2014; and (ii) with respect to any Non-Operating Disbursements, the greater of CDN\$500,000 or 15% of the CCAA Cash Flow, measured on a cumulative basis from (but not including) May 16, 2014;
- (i) If at any time, the Updated Peak Funding Requirement exceeds by more than 10% the Original Peak Funding Requirement (without taking into account any positive variance in cash flow as a result of receiving the Tax Refund or any negative variance as a result of any fees which may be payable to a CRO).
- (j) The filing by any of the Loan Parties of any motion or proceeding which (i) is not consistent with any provision of this term sheet, the DIP Credit Documentation or the DIP Priority Charge, in a manner that is materially adverse to the interests of the DIP Lenders; (ii) seeks to obtain a "critical supplier charge" or similar protection pursuant to the CCAA to any party, other than the critical vendor payments contained in the CCAA Cash Flow; (iii) could reasonably be expected to materially adversely affect the interests of the DIP Lenders; (iv) seeks an order which, if granted, could reasonably be expected to result in a

Material Adverse Change, or (v) seeks to continue the CCAA Proceedings under the jurisdiction of a court other than the Court, unless in the case of any of the foregoing, the DIP Lenders have consented thereto in writing;

- (k) An order of the court that results in any third party lender receiving from a Loan Party any of the following, in each case, except for such amounts which are the subject of the TPL Protections, such amounts contemplated in the CCAA Cash Flow, or as otherwise provided in this term sheet or with the prior consent of the DIP Lenders: (i) any retention payment or other type of payment (in cash or otherwise); (ii) any assignment of accounts receivable or any swap of cash for accounts receivable or other property; or (iii) other property or any other amount transferred to a third party lender for its benefit;
- (l) Unless the transaction satisfies all DIP Obligations and payments that have priority over the DIP Priority Charge, in full, any proceeding, motion or application shall be commenced or filed by any Loan Party, or if commenced by another party, supported or otherwise consented to by any Loan Party, seeking the approval of any Sale Transaction or Plan that does not have the prior consent of the DIP Lenders;
- (m) The making by the Borrower or any Guarantor of a payment of any kind not permitted by the Initial Order, the TPL Protection Order, this term sheet, the DIP Credit Documentation or the CCAA Cash Flow without the prior consent of the DIP Lenders;
- (n) The occurrence and continuance of an event of default under any of the DIP Credit Documentation that is not cured or waived in accordance with the terms thereof;
- (o) Except as stayed by order of the Court, a default under, revocation or cancellation of, any material contract, licence or permit, which has or could reasonably be expected to result in a Material Adverse Change;
- (p) The removal, termination, replacement or change in the scope or extent of the authority of the CRO, without the prior consent of the DIP Lenders, acting reasonably;
- (q) The suspension, termination or revocation of any licence in any province or territory in which the Loan Parties operate;
- (r) The denial or repudiation by any Loan Party of the legality, validity, binding nature or enforceability of this term sheet, any DIP Credit Documentation or any other document or certificate delivered pursuant to the terms hereof or thereof;

- (s) Except as stayed by order of the Court, (i) the entry of one or more final judgements, writs of execution, garnishment or attachment representing a claim in excess of CDN\$ 20,000 individually, or CDN\$ 50,000 in the aggregate, against any Loan Party or the Collateral that is not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 30 days after their entry, commencement or levy (ii) any requirement by a regulatory authority that any of the Loan Parties reimburse amounts to customers of any of the Loan Parties;
- (t) Any change to the composition (including addition, removal or replacement of directors or officers) of the board of directors or officers of any Loan Party that is not acceptable to the DIP Lenders;
- (u) The occurrence of a Material Adverse Change; or
- (v) The Borrower and the Loan Parties shall require funding on or before July 31, 2014 in excess of CDN\$8,000,000, based upon all Cash Flow Projections delivered.

REMEDIES:

Subject to the Initial Order, upon the occurrence of an Event of Default, the Agent, if so directed by the Majority Lenders may:

- (a) Declare the DIP Obligations to be immediately due and payable;
- (b) Apply to a court: (i) for the appointment of an interim receiver, a receiver or a receiver and manager of the undertaking, property and assets of any Loan Party; (ii) for the appointment of a trustee in bankruptcy of any Loan Party; or (iii) to seek other relief;
- (c) Exercise the powers and rights of a secured party under the *Personal Property Security Act (Manitoba)*, *Personal Property Security Act (Alberta)*, *Personal Property Security Act (Ontario)* or any other legislation of similar effect applicable to the DIP Security; and
- (d) Exercise all such other rights and remedies under this term sheet and the DIP Credit Documentation and the Court Orders.

For greater certainty and subject to the Initial Order, the DIP Lenders shall have customary remedies under the DIP Credit Documentation, including, but not limited to, the right to realize on all or part of the DIP Security without the necessity of obtaining further relief or order from the Court, subject to applicable law.

INDEMNITY AND RELEASE:

Each Loan Party agrees to indemnify and hold harmless the Finance Parties and each of its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as **Indemnified Persons**) from

and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or asserted against or involve any Indemnified Person as a result of or arising out of or in any way related to or resulting from the CCAA Proceedings, any bankruptcy or insolvency proceedings, this term sheet or any other DIP Credit Documentation, and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Loan Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction.

The indemnities granted under this term sheet shall survive any termination of the DIP Facility.

EXPENSES:

The Borrower will reimburse the Finance Parties for all reasonable and documented fees disbursements, out-of-pocket expenses incurred by them (including reasonable and documented legal and professional fees and expenses, on a full indemnity basis), in connection with the CCAA Proceedings (including preparation for and attendance at the Court), due diligence, negotiation and documenting of this term sheet and related documentation and the on-going monitoring and administration of each, including the fees and expenses of a tax advisor, and the enforcement of the DIP Priority Charge and any Additional DIP Security Documents.

All such fees, disbursements and expenses shall be included in the DIP Obligations and secured by the DIP Priority Charge.

**APPOINTMENT OF
COLLATERAL AGENT:**

The DIP Lenders shall be entitled to appoint a collateral agent (the Collateral Agent) to accept, enter into, hold, maintain, administer and enforce all DIP Security including all Collateral subject to it and all Liens created under it and sell, assign, foreclose on, or institute proceedings with respect to, or otherwise exercise or enforce the rights and remedies of a secured party with respect to the Collateral.

**APPOINTMENT OF AGENT
AND AGENT'S ROLE:**

- (a) Each DIP Lender appoints the Agent to act as its agent under and in connection with this term sheet and the DIP Credit Documentation.
- (b) Each DIP Lender authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with this term sheet and the DIP Credit Documentation together with any other incidental rights, powers, authorities and discretions.
- (c) Any communication or document to be delivered to the

Agent will be effective only when received by the Agent.

- (d) Nothing in this Agreement constitutes the Agent as a trustee or fiduciary of any other person.
- (e) The Agent shall not be bound to account to any DIP Lender for any sum or the profit element of any sum received by it for its own account.
- (f) The Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Loan Party.

DUTIES OF THE AGENT:

- (a) The Agent's duties under this term sheet and the DIP Credit Documentation are solely mechanical and administrative in nature.
- (b) Except with respect to the Assignment and Assumption Agreement, the Agent shall as soon as reasonably practicable forward to a DIP Lender (with a copy to each of NRF and Goodmans) the original or a copy of any document which is delivered to the Agent for that party by any other party.
- (c) The Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another party.
- (d) The Agent shall have only those duties, obligations and responsibilities expressly specified in this term sheet or the other DIP Credit Documentation to which it is expressed to be a party (and no others shall be implied).

LIMITATIONS ON AGENT'S DUTIES:

Responsibility for documentation

The Agent is not responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Borrower or any other person in, or in connection with, the term sheet or any other DIP Credit Documentation or any report or financial information received from the Borrower or any party or the transactions contemplated in this term sheet or any DIP Credit Documentation or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any of them; or
- (b) the legality, validity, effectiveness, adequacy or enforceability of this term sheet or any DIP Credit Documentation or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any of them; or
- (c) any determination as to whether any information provided

or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

No duty to monitor

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under this term sheet or any DIP Credit Documentation; or
- (c) whether any other event specified in this term sheet or any DIP Credit Documentation has occurred.

**RIGHTS AND
DISCRETIONS:**

- (a) The Agent may rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised.
- (b) The Agent may:
 - (i) assume that (A) any instructions received by it from the Majority Lenders, are duly given in accordance with the terms of this term sheet and any DIP Credit Documentation; and (B) unless it has received notice of revocation, that those instructions have not been revoked; and
 - (ii) rely on a certificate from any person (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing, in each case as sufficient evidence that that is the case and, in the case of paragraph (a) above, may assume the truth and accuracy of that certificate.
- (c) The Agent may act in relation to this term sheet and any other DIP Credit Documentation through its personnel and agents and is not liable for any error of judgment made by any such person or bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person.
- (d) The Agent may disclose to any other Finance Party any information it reasonably believes it has received as agent under this term sheet and the other DIP Credit Documentation.
- (e) Notwithstanding any provision of this term sheet or any DIP Credit Documentation to the contrary, the Agent is not

obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

**DIP LENDER
INSTRUCTIONS:**

- (a) Unless a contrary indication appears in this term sheet or the DIP Credit Documentation, the Agent shall: (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the DIP Lenders in accordance with the percentages provided in the section entitled "*DIP Lenders' Decision-Making*" (or, if so instructed in accordance with that section, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the DIP Lenders in accordance with the percentages provided in the section entitled "*DIP Lenders' Decision-Making*".
- (b) Unless a contrary indication appears in this term sheet or any other DIP Credit Documentation, any instructions given by the Majority Lenders will be binding on all the Finance Parties.
- (c) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if this term sheet or the relevant DIP Credit Documentation stipulates the matter is a decision for any other DIP Lender or group of DIP Lenders, from that DIP Lender or group of DIP Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (d) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if this term sheet or the relevant DIP Credit Documentation stipulates the matter is a decision for any other DIP Lender or group of DIP Lenders, from that DIP Lender or group of DIP Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (e) In the absence of instructions from the Majority Lenders, (or, if this term sheet or the relevant DIP Credit Documentation stipulates the matter is a decision for any other DIP Lender or group of DIP Lenders, from that DIP Lender or group of DIP Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the DIP Lenders.

- (f) The Agent is not authorised to act on behalf of a DIP Lender (without first obtaining that DIP Lender's consent) in any legal or arbitration proceedings relating to any DIP Credit Documentation.

The Administration and Mechanics of Voting

If a decision, determination or direction of the DIP Lenders or Majority Lenders is required under the terms of this term sheet or the other DIP Credit Documentation, the Agent shall communicate with each DIP Lender that it is entitled to vote and provide a deadline for response.

Deemed Responses

In the event that the Agent seeks instructions or a decision, determination or direction from the Majority Lenders or all of the DIP Lenders (or, if this term sheet or the relevant DIP Credit Documentation stipulates the matter is a decision for any other DIP Lender or group of DIP Lenders, from that DIP Lender or group of DIP Lenders), then to the extent that any DIP Lender fails to give such instructions or response within the deadline prescribed in the request then that DIP Lender shall be deemed to have no principal indebtedness owing to it under its DIP Facility (and a result no voting entitlement in relation to that decision) and where no DIP Lender has provided a response in connection with that decision by the deadline date for decision, each DIP Lender shall be deemed to have irrevocably approved the implementation of that decision.

EXCLUSION OF AGENT'S LIABILITY:

- (a) Without limiting paragraph (b) below in this Section, the Agent shall not be liable for any action taken by it under, or in connection with, this term sheet or any other DIP Credit Documentation, unless directly caused by its gross negligence or wilful misconduct.
- (b) No party (other than the Agent) shall take proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to this term sheet or any other DIP Credit Documentation and any officer, employee or agent of the Agent may rely on this provision.
- (c) If any monies are transferred to the Agent, the Agent will not be liable for any delay (or related consequences) in crediting an account with any amount required under this term sheet or any other DIP Credit Documentation to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system which may be used by the Agent for that purpose.
- (d) Nothing in this term sheet or the other DIP Credit Documentation, shall oblige the Agent to carry out any

"know your customer" or other checks in relation to any person on behalf of any DIP Lender and each DIP Lender confirms to the Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent.

**DIP LENDERS' INDEMNITY
TO THE AGENT:**

Each DIP Lender shall (in proportion to its share of the DIP Facility or, if the DIP Facility has been fully disbursed, to its share of the DIP Facility remaining to be disbursed immediately prior to the reduction to zero) indemnify the Agent, within three (3) Business Days of demand, against any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) in acting as Agent under this term sheet or any other DIP Credit Documentation (unless the Agent has been reimbursed by a Loan Party pursuant to any DIP Credit Documentation).

**ADDITIONAL AGENCY
PROVISIONS:**

Delegation or Assignment of Authority

The Agent may delegate or assign its role as Agent at any time and upon agreeing the terms and conditions of such delegation or assignment with its delegate or assignee (as the case may be).

Resignation

- (a) The Agent may resign at any time and appoint another party as successor by giving notice to the other Finance Parties and the Borrower.
- (b) The retiring Agent shall, make available to the successor Agent such documents and records as the successor Agent may reasonably request for the purposes of performing its functions as Agent under this term sheet, the DIP Credit Documentation and the DIP Security. The Borrower shall, within three (3) Business Days of demand, reimburse the retiring Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (c) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (d) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of performing its functions as Agent under this term sheet, the DIP Credit Documentation and the DIP Security but shall be entitled to the benefit of the Section above entitled "*DIP Lenders' Indemnity to the Agent*" and this Section entitled "*Agent's Resignation*" (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other parties shall have the same rights and obligations amongst themselves as they would have

had if such successor had been an original party.

**CONDUCT OF BUSINESS
BY THE FINANCE
PARTIES:**

No provision of this term sheet will:

- (a) Interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) Oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) Oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

**ADMINISTRATION OF THE
DIP FACILITY:**

All payment to be made by a Loan Party shall be calculated and be made (and free and clear of any deduction for) set-off or counterclaim.

CURRENCY:

The DIP Facility shall be repaid by the Borrower or a Loan Party (as applicable and as required under this term sheet) in the currency in which the DIP Facility was obtained by it. Any payment on account of an amount payable under any DIP Credit Documentation in a particular currency (the **proper currency**) made to or for the account of a DIP Lender in a currency (the **other currency**) other than the proper currency, whether pursuant to a judgement or order of any court or tribunal or otherwise, shall constitute a discharge of such Loan Party's obligation under such DIP Credit Documentation only to the extent of the amount of the proper currency which the applicable DIP Lender is able, in the normal course of its business within one (1) Business Day after receipt by it of such payment, to purchase with the amount of the other currency so received. If the amount of the proper currency which such DIP Lender is so able to purchase is less than the amount of the proper currency originally due to it under such DIP Credit Documentation, the Loan Party, from whom such sum is due, shall indemnify and save such DIP Lender harmless from and against any loss or damage arising as a result of such deficiency.

TAXES:

All payments by the Borrower or any Loan Party under the DIP Credit Documentation to the DIP Lenders, including any payments required to be made from and after the exercise of any remedies available to the DIP Lenders upon an Event of Default, shall be made free and clear of, and without reduction for or on account of Taxes.

If any Taxes are required by applicable law to be withheld (**Withholding Taxes**) from any interest or other amount payable to the DIP Lenders under any DIP Credit Documentation, the amount so payable to the DIP Lenders shall be increased to the extent necessary to yield to the DIP Lenders on a net basis after payment of all Withholding Taxes, the amount payable under such DIP Credit Documentation at the rate or in the amount specified in such DIP Credit Documentation and the Borrower and any applicable Loan Party shall provide evidence satisfactory to the DIP Lenders that the Taxes have been so withheld and remitted,

provided however that Withholding Taxes shall not include any such taxes that arise by virtue of: (i) the Borrower or any applicable Loan Party not dealing at arm's length for purposes of the Tax Act with a DIP Lender; (ii) a payment being deemed to be a dividend for purposes of the Tax Act; or (iii) the application of proposed subsection 212(3.2) of the Tax Act.

STATUS OF PERMITTED LIENS:

Except as expressly provided in this term sheet, the designation of any Lien as a Permitted Lien is not, and shall not be deemed to be, an acknowledgement by the DIP Lenders that the Lien shall have priority over the security interests granted to the DIP Lenders in the Collateral pursuant to this term sheet, the DIP Priority Charge and the DIP Security Documents.

FURTHER ASSURANCES:

The Borrower shall, and shall cause each Loan Party at its own expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lenders may reasonably request for the purpose of giving effect to this term sheet and the DIP Security, perfecting, protecting and maintaining the Liens created by the DIP Security establishing compliance with the representations, warranties and conditions of this term sheet or any other DIP Credit Documentation.

NOTICES:

Any communication to be made under or in connection with the DIP Credit Documents shall be made in writing and, unless otherwise stated, may be made by fax, letter or e-mail.

The address, fax number and e-mail address (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with the DIP Credit Documents is:

- (a) in the case of the Borrower and the Guarantors is set out in **Schedule "E"** (Initial administrative details of the Parties);
- (b) in the case of the Monitor is set out in **Schedule "E"**;
- (c) in the case of each DIP Lender, as set out in **Schedule "E"** (Initial administrative details of the Parties) or notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (d) in the case of the Agent, as set out in **Schedule "E"** (Initial administrative details of the Parties) or as notified to the DIP Lenders and the Borrower in writing on its appointment,

or any substitute address, fax number, e-mail address or department or officer as the party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the

Agent) by not less than five Business Days' notice.

Promptly upon changing its address, fax number or e-mail address, the Agent shall notify the other parties.

**ENTIRE AGREEMENT;
CONFLICT:**

This term sheet, including its schedules and the other DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this term sheet and any of the other DIP Credit Documentation, this term sheet shall govern. In the event of any inconsistency between any DIP Credit Documentation and a Court Order, the Court Order shall govern.

DIP LENDER APPROVALS:

Any consent, approval (including, without limitation, any approval of or authorization for any waiver under or any amendment to any of the DIP Credit Documentation), instruction or other expression of the DIP Lenders under any of the DIP Credit Documentation may be obtained by an instrument in writing (which instrument in writing, for greater certainty, may be delivered by facsimile or other electronic transmission).

**AMENDMENTS, WAIVERS,
ETC.:**

No waiver or delay on the part of a DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lenders acting on the instructions of the Majority Lenders.

Subject to the Section entitled "*DIP Lenders' Decision-making*" or unless otherwise stated in this term sheet, any term of this term sheet or the other DIP Credit Documentation may be amended or waived only with the consent of the Majority Lenders and any such amendment or waiver will be binding on all Parties, provided however that no amendment may be made without the prior written consent of the Loan Parties.

The Agent may effect, on behalf of any Finance Party, any permitted amendment or waiver.

An amendment or waiver which relates to the rights or obligations of the Agent may not be effected without the consent of the Agent.

**ASSIGNMENT BY DIP
LENDERS:**

A DIP Lender (the Existing Lender, for the purposes of this section) may, subject to the Right of First Refusal (as defined below) and the rights of the DIP Lenders in respect of a Related Party Transfer (as defined below), assign its rights and obligations under this term sheet, in whole or in part, to any party (the New Lender for the purposes of this section).

- (a) Following such transfer, the Existing Lender shall be released from its obligations (to the extent transferred) under the term sheet, the DIP Credit Documentation and the DIP Security, and the respective rights of each of the Borrower and the Existing Lender against one another shall be cancelled, and the New Lender shall assume those obligations and acquire those rights and shall

become a party to the term sheet, the DIP Credit Documentation and the DIP Security.

- (b) An assignment may be effected when the Existing Lender executes an otherwise duly completed assignment and assumption agreement substantially in the form attached as Schedule "F" (the Assignment and Assumption Agreement, and which Assignment and Assumption Agreement shall be delivered to the Agent by the Existing Lender and the New Lender, whereby the New Lender has agreed to be bound by the terms of the term sheet, the DIP Credit Documentation and the DIP Security as a DIP Lender and has agreed to a specific Commitment with respect to the DIP Facility.
- (c) Any New Lender hereunder that is a Senior Secured Noteholder shall be required (as a condition to the assignment) to deliver, and shall receive, a release in the form delivered between Coliseum and the AHC DIP Lenders concurrently with the delivery of this term sheet.
- (d) Once the transfer is effected, the Commitment of the Existing Lender shall be deemed to be reduced by the amount of the Commitment of the New Lender with respect to the DIP Facility.
- (e) The Borrower irrevocably authorises the Agent to execute any Assignment and Assumption Agreement on its behalf, without any consultation.
- (f) The New Lender shall become a party as a "DIP Lender" and will be bound by its obligations under this term sheet, the DIP Credit Documentation and the DIP Security.
- (g) On behalf of itself and the other Loan Parties, the Borrower authorizes the Agent and the DIP Lenders to disclose to any New Lender (each, a "Transferee") and any prospective Transferee or any professional advisor of any Transferee or prospective Transferee and authorizes each of the DIP Lenders to disclose to any other DIP Lender any and all financial information in their possession concerning the Loan Parties which has been delivered to them by or on behalf of any Loan Party pursuant to this term sheet or which has been delivered to them by or on behalf of any Loan Party in connection with their credit evaluation of the Loan Parties prior to becoming a party to this term sheet, so long as any such Transferee or professional advisor agrees not to disclose any confidential, non-public information to any person other than the Transferee's affiliates, employees, accountants or legal counsel, unless required by law and authorizes each of the DIP Lenders to disclose to any other DIP Lender and to any person where disclosure is required by law, regulation, legal process or regulatory authority (for certainty under any circumstance and not

solely in connection with assignment of rights).

- (h) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
- (i) has made, and shall continue to make, its own independent investigation and assessment of the financial condition and affairs of the Borrower and each Loan Party or any related entities in connection with its participation in this term sheet or the other DIP Credit Documentation and has not relied exclusively on any information provided to it by the Existing Lender in connection with this term sheet or the other DIP Credit Documentation and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of the Borrower and their related entities whilst any amount is or may be outstanding under this term sheet or the DIP Credit Documentation.

Related Party Transfer

No DIP Lender may transfer any of its rights and obligations (in whole or in part) under this term sheet to any third party lender indicated in Schedule "G" to this term sheet or any other third party lender from time to time or Related Party (a **Related Party Transfer**) without the prior written consent of each DIP Lender. The consent of each DIP Lender to a transfer must not be unreasonably withheld or delayed and shall be deemed to have been given five (5) Business Days after the Existing Lender has requested it unless the consent is expressly refused by the DIP Lender within that time.

Right of First Refusal

The DIP Lenders shall have a right of first refusal to participate in any transfer of the rights and obligations of any DIP Lender unless the transfer is to an affiliate of a DIP Lender (it being understood that for the purpose of this section a fund or account under common management with the transferring DIP Lender shall be considered an affiliate of such transferring DIP Lender). The DIP Lenders shall have 10 days upon receipt of notice from the Existing Lender of the proposed transfer to confirm whether or not they wish to participate (such right being the **Right of First Refusal**) and all DIP Lenders who choose to participate shall do so *pro rata* based upon the aggregate commitments of all such participating DIP Lenders, provided that if the transferring DIP Lender is: (i) an AHC DIP Lender, the other AHC DIP Lenders shall have the right to participate in priority to the other DIP Lenders; further that; (ii) Alta, or its successors or assigns, is the transferring DIP Lender, Coliseum shall have the right to participate in priority to the other DIP Lenders; and if Coliseum or its successors or assigns is the transferring DIP Lender, Alta shall

	have the right to participate in priority to the other DIP Lenders.
ASSIGNMENT BY THE LOAN PARTIES:	Neither this term sheet nor any right and obligation under it may be assigned by any Loan Party.
TIME OF ESSENCE:	Time is of the essence in this term sheet and the time for performance of the obligations of each Loan Party may be strictly enforced by the Finance Parties.
SEVERABILITY:	Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this term sheet or any other DIP Credit Documentation affecting the validity or enforceability of such provision in any other jurisdiction.
COUNTERPARTS AND FACSIMILE SIGNATURES:	This term sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this term sheet by signing any counterpart of it.
GOVERNING LAW AND JURISDICTION:	This term sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in it. Each Loan Party: (i) irrevocably submits to the exclusive jurisdiction of the Court to hear and determine any claims or disputes between the Borrower, any Guarantor and any Finance Party or any other matter arising out of, or relating to, this term sheet; and (ii) waives any objections on the ground of venue or forum <i>non conveniens</i> or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.
AMENDMENT AND RESTATEMENT AND NOVATION:	As of the date hereof, this term sheet amends, restates, and replaces in its entirety the Initial Term Sheet and the Initial Term Sheet shall be read and construed as so amended, restated and replaced with the parties hereby agreeing that there is no novation of the Initial Term Sheet. On the date of this term sheet, the rights and obligations of the parties under the Initial Term Sheet shall be subsumed within and be governed by this term sheet.
EXECUTION OF TERM SHEET BY CRO	In executing this term sheet and making any representation, warranty or certification hereunder, including any certification in a drawdown certificate, the CRO has inquired of the Borrower's senior management and has informed himself through and relied upon the results of such inquiry. The CRO has not examined any other person, reviewed any other document, or otherwise attempted to verify the accuracy or completeness of the information that has been provided to the CRO through the inquiries made of senior management. All representations, warranties and certifications made in respect of this term sheet, including in any drawdown certificate, are expressly qualified by the actual knowledge of the CRO based on the inquiries made to date by the CRO, and it is acknowledged by the DIP Lenders that the CRO shall have no personal liability whatsoever for the

execution of this term sheet, any matter contained in this term sheet or any of the representations, warranties or certifications made herein or in any drawdown certificate; provided however that the CRO shall exercise the powers granted to the CRO under the Initial Order to cause the Loan Parties to perform their obligations and comply with their covenants hereunder.

Nothing contained in the foregoing shall prevent the DIP Lenders from enforcing their rights against a Loan Party for any breach of a representation, warranty or covenant contained in this term sheet in accordance with the terms of this term sheet.

DEFINITIONS:

Capitalised terms not otherwise defined herein shall have the following meanings:

Administration Charge has the meaning ascribed to it in the Initial Order;

Ad Hoc Committee means the ad hoc committee of holders of the Loan Parties' 11 ½ senior secured notes;

Approved Transaction means a Plan or Sale Transaction that is acceptable to the DIP Lenders;

Business Day means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Ontario and New York;

CCAA Proceedings means the proceedings in respect of the Borrower and the Guarantors before the Court commenced pursuant to the CCAA;

Collateral means all present and after-acquired property, assets and undertakings of the Loan Parties, including, without limitation, accounts, rights of repayments or reimbursement, claims for cash, accounts receivable of the Loan Parties and proceeds thereof, and all cash whether in any Loan Party's bank accounts or elsewhere;

Collateral Trust Agreement means a collateral trust and intercreditor agreement dated 31 January 2012, between, among others, the Borrower as borrower and issuer, certain guarantors and noteholders, and Computershare Trust Company of Canada as collateral trustee;

Court means the Ontario Superior Court of Justice, Commercial List (Toronto);

Default means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

DIP Credit Documentation means this term sheet, the Initial Term Sheet, the Additional Security Documents and any other definitive documentation in respect of the DIP Facility that are in

form and substance satisfactory to the DIP Lenders;

DIP Obligations means any and all amounts now or hereafter owing by the Borrower and/or the Guarantors to the DIP Lenders pursuant to this term sheet or any other DIP Credit Documentation (including all principal, interest, DIP Financing Fees, Exit Amounts, any other fees, expenses, indemnities and any other amounts);

Director's Charge has the meaning ascribed to it in the Initial Order;

Finance Parties means each DIP Lender, the Agent and the Collateral Agent and **Finance Party** means any one of them;

Indenture means an agreement dated as of January 31, 2012 between, among others the Borrower as issuer, the Guarantors and Computershare Trust Company of Canada as Collateral Agent;

Initial Order means the amended and restated initial order granted by the Court on April 15, 2014 in respect of the Borrower and the Guarantors, as the same may be amended by the Court with the consent of the DIP Lenders acting reasonably;

Initial Term Sheet means a term sheet dated April 15, 2014 with respect to a CDN\$8,500,000 facility between the Borrower, Guarantors, Coliseum and the Agent thereunder (and any amendments or supplements to it);

KERP means the key employee retention plan to be agreed among the DIP Lenders and the Borrower but which in any case will not exceed CDN\$400,000, and which will rank *pari passu* in right of payment with the DIP Obligations;

KERP Charge means any security interest granted over the assets of any of the Loan Parties pursuant to an Order of the Court to secure any obligations owing by the Loan Parties under the KERP.

Liens means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever;

Material Contract means any contract, licence or agreement: (i) to which any Loan Party is a party or is bound; (ii) which is material to, or necessary in, the operation of the business of any Loan Party; and (iii) which a Loan Party cannot promptly replace by an alternative and comparable contract with comparable commercial terms;

Monitor means FTI Consulting Canada Inc. in its capacity as Court-appointed monitor of certain of the Loan Parties and not in its personal capacity;

Non-Operating Disbursements shall mean total cash flow less

operating cash flow pursuant to the CCAA Cash Flow;

Operating Cash Flow shall mean the operating cash flow pursuant to the CCAA Cash Flow;

Original Peak Funding Requirement means the maximum projected draw under the DIP Facility as reflected in the CCAA Cash Flow;

Plan means any plan of compromise, arrangement or reorganization filed pursuant to the CCAA or any other statute, in respect of any of the Loan Parties;

Priority Lien Credit Agreement means the priority lien credit agreement dated as of November 29, 2013 between the Loan Parties, Coliseum and the other lenders party thereto;

Priority Payables means, with respect to any Loan Party, any amount payable by such Loan Party for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of GST in put credits), income tax, workers compensation, and Canada Pension Plan obligations solely to the extent that such amounts are granted a priority at law over the DIP Obligations or any other amounts to the extent secured by a Lien which ranks prior to or *pari passu* with the DIP Security, including amounts which are secured by the Administration Charge, the Director's Charge (but only to a maximum of CDN\$1,250,000) ;

Related Party of an entity means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the entity or a director or senior officer of the entity to be

- (a) a control person (as such term is defined in the *Securities Act* (Ontario)) of the entity,
- (b) a person of which a person referred to in paragraph (a) is a control person,
- (c) a person of which the entity is a control person,
- (d) a director or senior officer (including the chair or a vice-chair of the board of directors, a president, a vice-president, the secretary, the treasurer or the general manager of a Loan Party or any other individual who performs functions for a Loan Party similar to those normally performed by an individual occupying any such office, and for a Loan Party that is a limited partnership, includes a senior officer of the general partner of a Loan Party) of
 - (i) the entity, or
 - (ii) a person described in any other paragraph of this

definition,

- (e) a person that manages or directs, to any substantial degree, the affairs or operations of the entity under an agreement, arrangement or understanding between the person and the entity, including the general partner of an entity that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,
- (f) an affiliate of any person described in any other paragraph of this definition;

Sale Transaction means a sale by the Borrower or any Guarantors of all or substantially all of its assets, or on-going business operations including by way of liquidation or the acquisition of the shares of any Loan Party by another party;

Senior Secured Note means the 11 1/2% notes due 2017 issued by the Borrower as issuer of Parity Lien Debt (as such term is defined in the Indenture) to the Senior Secured Noteholders under the Indenture;

Senior Secured Noteholders means the holders of the Senior Secured Notes (including Coliseum, Alta and the Ad Hoc Committee);

Supplemental Compliance Order means the supplemental compliance order dated November 30, 2012 issued by Consumer Protection BC under the Business Practice and Consumer Protection Act, S.B.C. 2004, c.2 against the Borrower;

Tax Act means the *Income Tax Act* (Canada);

Taxes means any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country;

TPL Charge has the meaning ascribed to it in the Initial Order;

TPL Protections means each of the following which are without prejudice to the rights or remedies of any party, including the Finance Parties: (i) the TPL Charge; (ii) TPL Net Receipt Minimum Balance (as defined in the Initial Order); and (iii) the protections provided in the TPL Protection Order, subject and without prejudice to the rights of the DIP Lenders contained in paragraph 6 of the TPL Protection Order;

TPL Protection Order means the order of the Court issued on April 30, 2014; and

Updated Peak Funding Requirement means any revised maximum projected draw under the DIP Facility as reflected in the

updated Cash Flow Projections.

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THIS IS EXHIBIT "C" TO THE AFFIDAVIT
OF WILLIAM E. AZIZ SWORN BEFORE ME
ON THIS 25th DAY OF SEPTEMBER, 2014.



A commissioner for taking Affidavits

Patrick Riestler

**AMENDING AGREEMENT TO AMENDED AND RESTATED DEBTOR-IN-
POSSESSION TERM SHEET**

THIS AMENDING AGREEMENT is made as of the 7th day of August, 2014 (the Amending Agreement)

AMONG:

The Cash Store Financial Services Inc. (the "Borrower"),

-and-

7252331 Canada Inc., 5515433 Manitoba Inc., Instaloes Inc., The Cash Store Inc., TCS Cash Store Inc., 1693926 Alberta Ltd. (the "Guarantors")

-and-

The other signatories hereto (collectively, the "DIP Lenders")

WHEREAS the Borrower, the Guarantors and the DIP Lenders are party to an Amended and Restated Debtor-in-Possession Term Sheet dated as of May 20, 2014 (the DIP Agreement);

AND WHEREAS the Borrower has requested, and the DIP Lenders are willing to agree, to amend certain terms of the DIP Agreement as described below;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

Article 1 - INTERPRETATION

- 1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the DIP Agreement.

Article 2 - AMENDMENTS

- 2.1 The Section of the DIP Agreement entitled "DIP Facility And Maximum Amount" is hereby amended as follows:
- (a) by inserting "and if the Second Extension Option is exercised, \$21,500,000" immediately following "CDN\$18,500,000" in the first paragraph of this section; and
 - (b) by adding the following phrase immediately after the words "(the Minimum Draw)" in the second paragraph of this section: "; provided, however, that the restrictions on the minimum quantum of the DIP Advances contained in this sentence shall not apply to any DIP Advances from the Second Extension Amount".
- 2.2 The DIP Agreement is hereby amended by inserting a new section immediately following the section entitled "Extension Option". The new section shall be entitled "Second Extension Option" and shall state the following:

On or after August 7, 2014, the Borrower may request and, if requested, the DIP Lenders agree to provide, in such amounts as are set out opposite their names in Schedule "H" in respect of the Second Extension Amount, at the date the Second Extension Option is exercised by the Borrower, an additional aggregate commitment of CDN \$5,000,000 (the Second Extension Amount), which shall mature, together with the other Commitments

provided under this term sheet, on the Maturity Date, and shall be on the terms and conditions as contemplated in this term sheet (the Second Extension Option).

Each DIP Lender understands that its proportionate share of the Commitments, its percentage of the vote in respect of any decision-making, determination of consent and its percentage of any fees tied to Commitments, may increase or decrease, as a result of the exercise of the Second Extension Option.

Notwithstanding any other provisions of this term sheet to the contrary, the Second Extension Amount shall only be made available, and the Borrower shall only be permitted to draw any portion of the Second Extension Amount as a DIP Advance, in accordance with the following procedures:

- (a) following written notice by the Borrower to the DIP Lenders that the Borrower is exercising the Second Extension Option, the DIP Lenders shall deliver, in accordance with their respective Commitments as set out in Schedule "H", the Second Extension Amount to a trust account held by NRF (the Trust Account).

Any portion of the Second Extension Amount that has not been distributed from the Trust Account as a DIP Advance in accordance with this Section shall remain in the Trust Account and shall be held in trust by NRF for the benefit of the DIP Lenders subject to escrow terms acceptable to NRF and the DIP Lenders.

- (b) DIP Advances in respect of the Second Extension Amount shall only be made from the Trust Account, and shall only be made with the authorization of the DIP Lenders, in accordance with the following steps:
- (i) the CRO, on behalf of the Borrower shall deliver to the DIP Lenders (with a copy to NRF, Goodmans and the Monitor) a written request for funding (which request may be delivered by email). The request shall describe the amount of funding requested supported by: (i) a cash flow forecast reflecting expenditures reasonably expected to be incurred in the ordinary course; and (ii) such other information reasonably requested by the DIP Lenders (the Trust Withdrawal Request).
 - (ii) The Trust Withdrawal Request shall be limited to the amount of money reasonably believed by the Borrower to be required for the two week period immediately following the draw date in order to operate in the ordinary course and maintain the minimum cash balance prescribed in the TPL Protection Order or, in the event that paragraph 5 of the TPL Protection Order ceases to be in effect, a minimum cash balance of CDN\$3 million;
 - (iii) a committee of DIP Lenders composed of Coliseum, Alta, Beach Point Capital Management LP (on behalf of the AHC DIP Lenders that it manages) and MSD Credit Opportunity Master Fund, L.P. (the Lender Committee) shall be provided with a reasonable time period to review the Trust Withdrawal Request and shall be provided with any supporting information reasonably requested from the Borrower for that purpose; and
 - (iv) if determined appropriate in the sole and unfettered discretion of members of the Lender Committee collectively holding more than 51% of the aggregate Commitments of all members of the Lender Committee (provided that such majority must also include at least one of either Beach Point Capital Management LP (on behalf of the AHC DIP Lenders

that it manages) or MSD Credit Opportunity Master Fund, L.P. and must include Coliseum), the Lender Committee will provide its written consent (which written consent shall be delivered by written direction from the requisite majority of members of the Lender Committee) to the CRO, on behalf of the Borrower, and NRF stating the amount of the permitted DIP Advance from the Trust Account.

DIP Advances in respect of the Second Extension Amount shall be subject to the satisfaction of the Funding Conditions other than the requirement to deliver a Drawdown Certificate.

In the case of any inconsistency between the provisions of this section entitled "Second Extension Option" and any other section of this term sheet, this section shall govern.

- 2.3 Paragraph (b) of the Section of the DIP Agreement entitled "DIP Lenders Commitments" is hereby amended by inserting the words "and if the Second Extension Option is exercised, shall be \$13,000,000" immediately following "CDN\$8,000,000".
- 2.4 The Section of the DIP Agreement entitled "Interest Rate" is hereby amended by:
- (a) inserting the words "other than the Second Extension Amount" immediately following the words "in respect of the Additional Commitment" in paragraph (b) of this section;
 - (b) adding a new paragraph (c) immediately following paragraph (b), which shall state as follows:
 - "(i) in respect of all portions of the Second Extension Amount that have been delivered to the Trust Account but that have not yet become the subject of a DIP Advance, shall be 2% *per annum* payable monthly in arrears; and
 - (ii) in respect of all portions of the Second Extension Amount that have become the subject of a DIP Advance, shall be 17.5% *per annum* payable monthly in arrears from and after the date of such DIP Advance,

provided that, in each case, all such accrued and unpaid interest will be capitalised (and not paid in cash) and added to the outstanding principal balance of the loan and all such capitalised interest shall be due and payable on the Maturity Date,
 - (c) deleting the phrase: "For the avoidance of doubt, total interest payable shall be the sum of those amounts determined in subsections (a) and (b) above" and inserting in its place the phrase "For the avoidance of doubt, total interest payable shall be the sum of those amounts determined in subsections (a), (b) and (c) above."
- 2.5 The section of the DIP Agreement entitled "DIP Financing Fee" is hereby amended by:
- (a) deleting the word "and" from the end of paragraph (b);
 - (b) deleting the "." at the end of paragraph (c) and inserting in its place "; and"; and
 - (c) adding a new paragraph (d) to this section, which shall state as follows:

If the Second Extension Option is exercised, to the DIP Lenders in the amount of 5%, *pro rata* based upon their respective prescribed portion of the Commitment for the Second Extension Amount, which shall be fully earned and payable upon the date the Second

Extension Option is exercised and shall be added to the outstanding principal balance of the loan and shall be due and payable on the Maturity Date.

- 2.6 Paragraph (s) of the section of the DIP Agreement entitled "Affirmative Covenants" is hereby deleted in its entirety and replaced with the following:

Subject to paragraph (j) above, on or before 63 days following the Issuance of the Initial Order, the Borrower shall have obtained from the Court an Order approving the Sale Process, in form and substance satisfactory to the DIP Lenders (the **Sale Process Order**); (ii) to the extent that the "Successful Bid" pursuant to the Sale Process is a Sale Transaction, the Borrower shall have obtained an Order from the Court, in form and substance satisfactory to the DIP Lenders, approving the Sale Transaction (the **Sale Approval Order**), by no later than September 15, 2014; (iii) to the extent that the "Successful Bid" pursuant to the Sale Process is a Plan transaction, the Borrower shall have obtained an Order from the Court, authorizing the Borrower to file the Plan and to call a meeting of creditors to vote on the Plan (the **Plan Filing and Meeting Order**) by no later than September 15, 2014 and, the Borrower shall have obtained a sanction Order (the **Sanction Order**) in respect of the Plan by no later than 30 days following the date of the Plan Filing and Meeting Order;

- 2.7 Paragraph (d) of the section of the DIP Agreement entitled "Negative Covenants" is hereby amended by deleting ";" from the end of that paragraph and inserting in its place the following:

". Notwithstanding any other provision of this term sheet to the contrary, no payment, loan or transfer whatsoever shall be made to the English Entities by any of the other Loan Parties on or after July 22, 2014."

- 2.8 The Section of the DIP Agreement entitled "Events of Default" shall be amended by

- (a) deleting paragraph (l) in its entirety and replacing it with the following:

"if at any time the Updated Peak Funding Requirement exceeds by more than 10% the Original Peak Funding Requirement plus the amount of the commitment in respect of Second Extension Option (without taking into account any positive variance in the cash flow as a result of receiving the Tax Refund or any negative variance as a result of any fees which may be payable to the GRO)."

- (b) adding a new paragraph (w), which shall state as follows:

"Any portion of the funds in the Trust Account are disbursed other than in accordance with paragraph (b) of the section of the term sheet entitled "Second Extension Option" or any third party takes any steps to challenge the validity of the trust under which the Second Extension Amount is held in the Trust Account.

- 2.9 The Section of the DIP Agreement entitled "Administration Of The DIP Facility" shall be amended by deleting the phrase "(and free and clear of any deduction for)" and inserting in its place "free and clear of any deduction for".

- 2.10 Schedule "D" to the DIP Agreement shall be amended by deleting "; and" at the end of paragraph (1) and adding a new paragraph (3), which shall list "CSF Insurance Services Limited" as an inactive affiliate.

- 2.11 Schedule "H" to the DIP Agreement shall be deleted in its entirety and replaced with a new Schedule "H" in the form attached hereto as Appendix "A".

Article 3 - CONDITIONS TO EFFECTIVENESS

- 3.1 The amendments set out in Article 2 of this Amending Agreement shall become effective upon satisfaction of the following conditions precedent:
- (a) The Loan Parties, other than the English Entities, each delivering to the DIP Lenders their originally executed copy of this Amending Agreement.
 - (b) This amendment having been approved by an order of the Court in form and substance satisfactory to the DIP Lenders.

Article 4 - MISCELLANEOUS


- 4.1 The Borrower shall pay all costs incurred by the DIP Lenders in preparing this Amending Agreement.
- 4.2 The execution, delivery and performance of this Amending Agreement shall not, except as expressly provided for herein, constitute an amendment of any provision of, or operate as an amendment of any right, power or remedy of the DIP Lenders under the DIP Agreement or any other DIP Credit Documentation.
- 4.3 On and after this date, each reference in the DIP Agreement to "this term sheet" or similar references in the DIP Credit Documentation and any and all other agreements, documents and instruments delivered by the Borrower or a Guarantor or any other Person shall mean and be a reference to the DIP Agreement as amended by this Amending Agreement. Except as specifically amended by this Amending Agreement, the DIP Agreement shall remain in full force and effect and is hereby ratified and confirmed.
- 4.4 On and after this date, each reference in the DIP Agreement to "Confirming DIP Order" shall include the order described in Section 3.1(b) above.
- 4.5 This Amending Agreement shall be interpreted and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 4.6 Save as expressly amended by this Amending Agreement, all other terms and conditions of the DIP Agreement remain in full force and effect.
- 4.7 This Amending Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures provided by electronic transmission or facsimile shall be valid and binding.
- 4.8 In executing this Amending Agreement and making any representation, warranty or certification hereunder or in the DIP Agreement, including any certification in a drawdown certificate, the CRO has inquired of the Borrower's senior management and has informed himself through and relied upon the results of such inquiry. The CRO has not examined any other person, reviewed any other document, or otherwise attempted to verify the accuracy or completeness of the information that has been provided to the CRO through the inquiries made of senior management. All representations, warranties and certifications made in respect of this Amending Agreement or the DIP Agreement, including in any drawdown certificate, are expressly qualified by the actual knowledge of the CRO based on the inquiries made to date by the CRO, and it is acknowledged by the DIP Lenders that the CRO shall have no personal liability whatsoever for the execution of this Amending Agreement, any matter contained in this Amending Agreement or any of the representations, warranties or certifications made in this Amending Agreement, the DIP Agreement or in any drawdown certificate; provided however that the CRO shall exercise the

powers granted to the CRO under the Initial Order to cause the Loan Parties to perform their obligations and comply with their covenants hereunder. Nothing contained in the foregoing shall prevent the DIP Lenders from enforcing their rights against a Loan Party for any breach of a representation, warranty or covenant contained in this Amending Agreement or the DIP Agreement in accordance with the terms of the DIP Agreement.

- 4.9 This Amending Agreement and the amendments to the DIP Agreement described herein shall be binding upon each of the Loan Parties that has executed this Amending Agreement notwithstanding the fact that any of the English Entities have not executed this Amending Agreement.

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

THIS IS EXHIBIT "D" TO THE AFFIDAVIT
OF WILLIAM E. AZIZ SWORN BEFORE ME
ON THIS 25th DAY OF SEPTEMBER, 2014.



A commissioner for taking Affidavits
Patrick Riesterer



The Cash Store Financial Limited
4th & 5th Floors Applicon House
Exchange Street
Stockport
SK3 0EY

12 September 2014

Dear Sirs

The Cash Store Financial Limited ("the Company")

We refer to the debt of £1,230,000 owed to us by the Company ("the Debt"). The Debt relates to loans made by us to the Company in the period 28 January 2014 to July 2014 to provide funding to the Company to enable it to continue to trade.

We hereby demand immediate repayment of the Debt. In the event that repayment is not received by 5pm BST on Friday 12 September 2014, we reserve the right to take such enforcement action against the Company as we consider appropriate.

Yours faithfully

A handwritten signature in black ink, appearing to read "William E. Aziz".

William E. Aziz
Blue Tree Advisors Inc.

For and on behalf of The Cash Store Financial Services Inc., in its capacity as the Court Appointed Chief Restructuring Officer of The Cash Store Financial Services Inc.



The Cash Store Financial Services Inc.
15511 - 123 Avenue Edmonton, AB Canada T5V 0C3
Phone: 780.408.5110 Fax: 780.408.5122
TSX:CSF NYSE:CSFS
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IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

Court File No: CV-14-10518-00CL

AND IN THE MATTER OF a plan of compromise or arrangement of The Cash Store Financial Services Inc., The Cash Store Inc., TCS Cash Store Inc., Instalogs Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AFFIDAVIT OF WILLIAM E. AZIZ

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Counsel for the Chief Restructuring Officer

TAB 3

Court File No. CV-14-10518-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE REGIONAL)	MONDAY, THE 29TH
SENIOR JUSTICE MORAWETZ)	DAY OF SEPTEMBER, 2014

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE
CASH STORE FINANCIAL SERVICES INC., THE CASH STORE INC., TCS CASH STORE
INC., INSTALOANS INC., 7252331 CANADA INC., 5515433 MANITOBA INC., 1693926
ALBERTA LTD. DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

ORDER

(Second Further Amended DIP Facility and Stay Extension)

THIS MOTION, made by the Applicants, pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of William E. Aziz sworn September 25, 2014 and the Exhibits thereto (the "Seventh Aziz Affidavit") and the Tenth Report of FTI Consulting Canada Inc. in its capacity as Monitor (the "Monitor"), and on being advised that the secured creditors who are likely to be affected by the charges described herein were given notice, and on hearing the submissions of counsel for the Chief Restructuring Officer, the DIP Lenders (as defined in the Amended and Restated Term Sheet (as defined below)), the Monitor, the Ad Hoc Committee and such other counsel present, no other person appearing although duly served as appears from the affidavit of service of Patrick Riesterer (sworn September 25, 2014),

Draft

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. THIS COURT ORDERS that all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order dated April 15, 2014 (the "Amended and Restated Initial Order"), as amended, or the Order of this Court dated May 17, 2014 (the "May 17 Order"), or the Order of this Court dated August 7, 2014 (the "August 7 Order").

EXTENDING STAY

3. THIS COURT ORDERS that the Stay Period provided in the Amended and Restated Initial Order be and is hereby extended until and including November 28, 2014, or such later date as this Court may order.

DIP FINANCING

4. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to enter into, and directed to execute and deliver, the Amending and Waiver Agreement to Amended and Restated Debtor-in-Possession Term Sheet substantially in the form attached as Exhibit "A" to the Seventh Aziz Affidavit (the "Second DIP Amendment"), which amends the Amended and Restated Term Sheet, as amended.

5. THIS COURT ORDERS that the Second DIP Amendment be and is hereby approved.

Draft

6. THIS COURT ORDERS that from and after the date of this Order, all references in the Amended and Restated Initial Order to the “Term Sheet” shall refer to the Amended and Restated Term Sheet, as amended by the DIP Amendment (as defined in the August 7 Order) and the Second DIP Amendment, and the terms “DIP Facility”, “DIP Lenders”, “Agent” and “DIP Obligations” shall refer to such terms as defined in or relating to the Amended and Restated Term Sheet, as amended by the DIP Amendment and the Second DIP Amendment.

7. THIS COURT ORDERS that the Applicants are authorized and empowered to borrow under the DIP Facility provided for under, and subject to the terms of, the Amended and Restated Term Sheet, as amended by the DIP Amendment and the Second DIP Amendment, and that the DIP Obligations thereunder and under the Definitive Documents, shall continue to have the benefit and the priority of the DIP Priority Charge (as such term is defined in the Amended and Restated Initial Order).

8. THIS COURT ORDERS that the DIP Lenders shall be entitled to rely on this Order, the August 7 Order, the May 17 Order and the Amended and Restated Initial Order, each as issued, and the DIP Priority Charge for all advances made under the Term Sheet, the Amended and Restated Term Sheet (as amended by the DIP Amendment and the Second DIP Amendment) and the Definitive Documents.

GENERAL

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom, or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and

administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

10. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

11. THIS COURT ORDERS that the Ninth Report of the Monitor dated August 6, 2014, and the Monitor's activities described therein are hereby approved.

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

Court File No: CV-14-10518-00CL

AND IN THE MATTER OF a plan of compromise or arrangement of The Cash Store Financial Services Inc., The Cash Store Inc., TCS Cash Store Inc., Instal loans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"

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ORDER

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IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

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MOTION RECORD OF THE APPLICANTS

(Motion Returnable September 29, 2014)

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