

LOAN AGREEMENT

Between

WAIWARD INVESTMENTS LIMITED PARTNERSHIP

and

0960128 B.C. LTD.

March 2, 2017

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	1
1.1 DEFINITIONS.....	1
1.2 INTERPRETATION	7
ARTICLE 2 LOAN	8
2.1 COMMITMENT.....	8
2.2 DRAW DOWN.....	8
2.3 REPAYMENT OF PRINCIPAL	8
2.4 OPTIONAL PREPAYMENT.....	8
2.5 MANDATORY PREPAYMENT.....	8
2.6 INTEREST	9
2.7 PIK INTEREST	9
2.8 PAYMENT OF INTEREST	9
2.9 INTEREST ON ARREARS	9
2.10 CALCULATION OF RATES	9
2.11 CAP ON INTEREST	10
2.12 PAYMENT TO LENDER.....	10
2.13 PAYMENTS TO BE MADE ON BUSINESS DAYS.....	10
2.14 TIMING OF PAYMENTS.....	10
2.15 APPLICATION OF PAYMENTS	10
2.16 FEE.....	10
ARTICLE 3 REPRESENTATIONS AND WARRANTIES.....	11
3.1 REPRESENTATIONS AND WARRANTIES	11
ARTICLE 4 COVENANTS.....	12
4.1 POSITIVE COVENANTS	12
4.2 NEGATIVE COVENANTS.....	15
ARTICLE 5 SECURITY	16
5.1 GRANTING OF SECURITY	16
ARTICLE 6 CONDITIONS PRECEDENT	17
6.1 CONDITIONS PRECEDENT	17
6.2 CONDITIONS PRECEDENT TO THE ADVANCE	18
6.3 WAIVER OF CONDITIONS PRECEDENT	19
ARTICLE 7 EVENTS OF DEFAULT	19
7.1 EVENTS OF DEFAULT	19
7.2 REMEDIES UPON EVENT OF DEFAULT.....	21
7.3 OBLIGATIONS OF LENDER.....	21
7.4 POWER OF ATTORNEY	21
7.5 REMEDIES NON EXCLUSIVE.....	21
7.6 SET OFF OR COUNTERCLAIM.....	22
7.7 FORBEARANCE	22
7.8 NO MERGER OR NOVATION	22
7.9 REMEDIES CUMULATIVE	22
ARTICLE 8 MISCELLANEOUS.....	23

8.1	OVER-ALLOTMENT	23
8.2	PERFORMANCE BY LENDER	23
8.3	WAIVER	23
8.4	CONFIDENTIALITY	23
8.5	ANNOUNCEMENTS.....	24
8.6	MODIFICATIONS, APPROVALS AND CONSENTS TO BE IN WRITING	24
8.7	TERMINATION.....	24
8.8	FURTHER ASSURANCES	24
8.9	SUCCESSORS AND ASSIGNS	24
8.10	LENDER'S RECORDS.....	25
8.11	NOTICE	25
8.12	GOVERNING LAW	26
8.13	SEVERABILITY.....	26
8.14	AGREEMENT TO GOVERN	26
8.15	TIME OF THE ESSENCE	26
8.16	WHOLE AGREEMENT	26
8.17	SIGNATURE	26

SCHEDULES

- Schedule A Unit Purchase Option
- Schedule B Management Agreement

THIS LOAN AGREEMENT is dated as of March 2, 2017

BETWEEN:

WAIWARD INVESTMENTS LIMITED PARTNERSHIP, a Quebec limited partnership, represented by its general partner, 9254064 Canada Ltd. (the "**Borrower**")

- and -

0960128 B.C. LTD., a company incorporated under the laws of British Columbia (the "**Lender**")

WHEREAS the Lender has offered to provide the Borrower with a loan facility in the maximum amount of \$20,000,000, or subject to the consent of the Borrower, \$23,000,000, in the manner and subject to the terms and conditions herein;

AND WHEREAS the Lender and the Borrower previously entered into a Loan Agreement dated as of October 28, 2016, in respect of the said loan facility which Prior Loan Agreement has now expired;

AND WHEREAS the Lender and the Borrower now wish to enter into a new loan agreement to replace the Prior Loan Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms shall have the respective meaning assigned to them:

- (a) "**Advance**" means an advance of funds comprising the Loan;
- (b) "**Affiliate**" means an affiliate as defined in the *Canada Business Corporations Act*;
- (c) "**Borrower Group**" means, collectively, the Borrower, the General Partner, Waiward Holdings and Waiward Steel, and "**member of the Borrower Group**" means any one of them;

- (d) "**Break Costs**" means any break funding costs or make-whole amount or prepayment penalty incurred by the Lender in connection with any early repayment or redemption of the Convertible Debentures which repayment or redemption is required as a result of an early repayment or an Event of Default hereunder, provided that the terms of the Convertible Debentures have been approved by the Borrower prior to the issuance thereof;
- (e) "**Business Day**" means any day other than Saturday, Sunday and any other day which is a legal holiday in Vancouver, British Columbia or a day on which banking institutions in Vancouver, British Columbia are authorized by law or by local proclamation to close;
- (f) "**Change of Control**" shall mean, with respect to each member of the Borrower Group, any Person (or group of Persons acting in concert) (other than Hillcore Group Ltd. or an Affiliate thereof) acquiring, directly or indirectly (including through Affiliates), the power to elect a majority of the board of directors of the general partner of any member of the Borrower Group, or otherwise direct the management or affairs of any member of the Borrower Group by obtaining proxies, entering into voting agreements or trusts, acquiring securities or otherwise;
- (g) "**Claims**" has the meaning set forth in Section 4.1(j);
- (h) "**Collateral**" means any personal property of a Loan Party subject to an Encumbrance in favor of the Lender pursuant to the Security, including the WHLP Units;
- (i) "**Convertible Debentures**" means the minimum \$5,000,000 and maximum \$20,000,000 (or in the event that the Over-allotment Option is exercised and consented to by the Borrower, \$23,000,000) principal amount secured convertible debentures issued by Trenchant Capital Corp. for purposes of indirectly funding the Loan.
- (j) "**Debt**" means:
 - (i) indebtedness for money borrowed (including by way of overdraft) or indebtedness represented by notes payable representing extensions of credit;
 - (ii) all bankers' acceptances and similar instruments;
 - (iii) obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments (whether or not with respect to the borrowing of money, and whether or not payable by, or convertible into, equity) but for greater certainty excludes trade payables and other obligations incurred in the ordinary course of business;

- (iv) capital lease obligations, synthetic lease obligations, obligations under sale and leaseback transactions, and purchase money obligations;
- (v) contingent liabilities under any guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (i) through (iv) above;
- (vi) contingent liabilities in respect of letters of credit, letters of guarantee and similar instruments or in respect of performance bonds and surety bonds; and
- (vii) any other obligation arising under arrangements or agreements, off-balance sheet or otherwise, that, in substance, provide financing to the Borrower;

provided always that, notwithstanding the foregoing, liabilities that are current liabilities incurred in the ordinary course of business do not constitute Debt;

- (k) "**Debtor Laws**" means all applicable liquidation, bankruptcy, moratorium, arrangement, receivership, insolvency reorganization or similar laws from time to time in effect affecting the rights of creditors generally;
- (l) "**Default**" means any of the events described in Article 7 independent of whether the giving of notice or lapse of time or both are required for such event to constitute an Event of Default;
- (m) "**Default Rate**" means the Fixed Rate plus 5% per annum;
- (n) "**Distributions**" means: (i) any loan, advance or payment to any partner, director or officer of the Borrower, (ii) the purchase or redemption of any partnership interest, (iii) taxes paid on behalf of partners of the Borrower, (iv) repayment of Debt or making of loans to any partner of the Borrower, and (v) any payment to Affiliates of the Borrower other than in the ordinary course of business;
- (o) "**Encumbrance**" means any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, consignment, operating lease, hypothecation, security interest or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation;
- (p) "**Event of Default**" has the meaning set forth in Section 7.1;
- (q) "**Finance Fee**" has the meaning ascribed in Section 2.16;
- (r) "**Fiscal Year-End**" means December 31;

- (s) "**Fixed Rate**" means 12.5% per annum;
- (t) "**GAAP**" means Canadian generally accepted accounting principles each applied on a consistent basis, and if so adopted by the Borrower, International Financial Reporting Standards (IFRS), such standards to be acceptable to the Lender acting reasonably and not changed without the prior written consent of the Lender;
- (u) "**General Partner**" means 9254064 Canada Ltd. or any successor general partner of the Borrower;
- (v) "**Indebtedness**" means, at any time and from time to time, all indebtedness, liabilities and obligations, absolute or contingent, direct or indirect, matured or unmatured, liquidated or unliquidated, of the Borrower to the Lender for or in respect of the Loan or otherwise payable by the Borrower hereunder or pursuant hereto or under or pursuant to any other Loan Document;
- (w) "**Interest Calculation Date**" means the last day of each quarter during the Term beginning on the three (3) month period ended June 30, 2017;
- (x) "**Loan**" means the loan made or which may be made by the Lender to the Borrower pursuant to Section 2.1;
- (y) "**Loan Documents**" means this Agreement, the Security and all other agreements, instruments and documents required hereunder, thereunder, hereby or thereby;
- (z) "**Loan Parties**" means collectively the Borrower and the General Partner;
- (aa) "**Management Agreement**" means the management agreement between the Borrower and Trenchant Capital Corp. in substantially the same form as that set out in Schedule B attached hereto;
- (bb) "**Manager**" means Abacus Private Equity Ltd.;
- (cc) "**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (i) the business, results of operations, condition (financial or otherwise) or assets of the Loan Parties, or (ii) the ability of a Loan Party to perform and discharge its obligations under any Loan Document to which it is a party;
- (dd) "**Maturity Date**" means March 31, 2022;

- (ee) **"Over-allotment Option"** means the right of the agent for the sale of the Convertible Debentures to over sell the Convertible Debentures by 15%, to a maximum of \$23,000,000;
- (ff) **"Payment Date"** means the seventh (7th) Business Day following each Interest Calculation Date during the Term beginning on July 12, 2017;
- (gg) **"Permitted Encumbrances"** means, with respect to any Person, the following:
 - (i) Encumbrances for taxes, rates, assessments or other governmental charges or levies not yet due, or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;
 - (ii) undetermined or inchoate Encumbrances, rights of distress and charges incidental to current operations which have not at any relevant time been filed or exercised and of which the Lender has not been given notice, or which relate to obligations not due or payable or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;
 - (iii) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of its business;
 - (iv) Encumbrances created by the Security; and
 - (v) other Encumbrances expressly consented to in writing, in advance, by the Lender;
- (hh) **"Person"** is to be construed broadly and includes any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, Public Authority or any agency or political subdivision thereof;
- (ii) **"PIK Interest"** has the meaning set forth in Section 2.7;
- (jj) **"Principal"** has the meaning set forth in Section 2.1;
- (kk) **"Public Authority"** means any government (or any agency or political subdivision thereof), court, public body, authority, department, commission, board, bureau, agency, instrumentality or other governmental authority having jurisdiction over the Borrower, its business, operations or property;

- (ll) "**Security**" means any and all security documents to be provided to the Lender pursuant to Article 5;
- (mm) "**Senior Credit Agreement**" means the credit agreement dated effective as of April 10, 2015 among, *inter alios*, Waiward Steel as borrower, the Lenders party thereto and Alberta Treasury Branches, as administrative agent or any other credit or loan agreement entered into as a replacement thereof;
- (nn) "**Senior Debt**" means the borrowings and commitments pursuant to the Senior Lender Loan Documents and any additional or replacement borrowings incurred by Waiward Holdings or Waiward Steel;
- (oo) "**Senior Lenders**" mean collectively, the lenders under the Senior Credit Agreement, from time to time, and the holder of the VTB Note, from time to time;
- (pp) "**Senior Lenders' Loan Documents**" means the Senior Credit Agreement, the VTB Note and all such other agreements, certificates, instruments and other documents granted in favour of all or any of the Senior Lenders as security or in connection therewith.
- (qq) "**Taxes**" has the meaning set forth in Section 4.1(j);
- (rr) "**Term**" means the period of time from the date of the Advance to the Maturity Date;
- (ss) "**Unit Purchase Option**" means the unit purchase option between the Borrower and Trenchant Capital Corp. in substantially the same form as that set out in Schedule A attached hereto;
- (tt) "**Waiward Holdings**" means W.H. Limited Partnership;
- (uu) "**Waiward Holdings GP**" means 9254072 Canada Ltd. or any successor general partner of Waiward Holdings;
- (vv) "**Waiward Steel**" means Waiward Steel Limited Partnership;
- (ww) "**Waiward Steel GP**" means Waiward Steel GP Corp. or any successor general partner of Waiward Steel;
- (xx) "**WHLP Units**" means all of the units in the W.H. Limited Partnership owned by the Borrower issued and outstanding from time to time;
- (yy) "**WSLP Units**" all of the units in WSLP issued and outstanding from time to time indirectly owned by the Borrower through its proportionate ownership of Waiward Holdings; and

- (zz) “**VTB Note**” means the vendor take-back promissory note dated April 10, 2015 issued by Waiward Steel as debtor to 317508 Alberta Ltd. as holder.

1.2 Interpretation

For purposes of this Agreement, except as otherwise expressly provided:

- (a) all references to "this Agreement" or any other agreement or document means such agreement or document as it may from time to time be supplemented or amended and in effect, including all schedules attached hereto or thereto;
- (b) all references in this Agreement to designated "Articles", "sections" and other subdivisions or Schedules are to the designated Articles, sections and other subdivisions or Schedules of or attached to this Agreement;
- (c) the words "herein" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section or other subdivision;
- (d) the table of contents and headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope or extent of this Agreement or any provision hereof;
- (e) the singular of any term includes the plural, and vice versa, the use of any term is equally applicable to any gender and, where applicable, a body corporate;
- (f) the word "or" is not exclusive and the word "including" is not limiting (whether or not non limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto);
- (g) the words "written" or "in writing" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including email, telegraph or telecopy;
- (h) all references to currency mean Canadian currency; and
- (i) all accounting terms not otherwise defined have the meanings assigned to them in accordance with GAAP.

ARTICLE 2
LOAN

2.1 Commitment

Subject to the terms and conditions of this Agreement, the Lender will lend to the Borrower a minimum aggregate principal amount of Five Million Dollars (\$5,000,000) and a maximum aggregate principal amount of Twenty Million Dollars (\$20,000,000) (or in the event that the Over-allotment Option is exercised and consented to by the Borrower, \$23,000,000) (such amount being hereinafter referred to as the "**Loan**" and any balance thereof that may be outstanding from time to time being hereinafter referred to as the "**Principal**").

2.2 Draw Down

Subject to satisfaction of the Conditions Precedent in Article 6, the Loan is to be drawn by the Borrower in one or more draw downs, the initial Advance to be an amount not less than Five Million Dollars and each subsequent Advance to be in an amount not less than Two Million Dollars. The initial Advance shall be available until and shall be drawn down on or prior to March 31, 2017 and, unless otherwise agreed by the parties in writing, all Advances shall occur not later than September 30, 2017.

2.3 Repayment of Principal

The unpaid balance of Principal and all other outstanding Indebtedness owing by the Borrower to the Lender hereunder shall be repaid in full on the Maturity Date.

2.4 Optional Prepayment

The outstanding balance of the Principal and accrued and unpaid interest thereon may be repaid in whole or in part at any time without penalty or bonus, provided that the Borrower shall reimburse the Lender for any Break Costs incurred in connection with any corresponding prepayment of the Convertible Debentures.

2.5 Mandatory Prepayment

The proceeds arising from: (i) any public or private offering of equity securities of any Loan Party or Waiward Holdings, including an outright sale of any Loan Party or Waiward Holdings; or (ii) the realization against any or all of the assets of any Loan Party included in the Security upon an Event of Default, shall be applied against the balance of the Principal remaining unpaid together with applicable Break Costs. Such mandatory prepayment may be waived by the Lender in its sole discretion.

2.6 Interest

The Borrower will pay to the Lender interest in accordance with Section 2.8 and subject to Section 2.7 on the Principal remaining unpaid from time to time both before and after the maturity at the Fixed Rate calculated daily and payable and compounded quarterly in arrears as of each Interest Calculation Date during the Term.

2.7 PIK Interest

On each Interest Calculation Date, the Borrower shall defer, or "pay in kind", an amount equal to one-fifth (1/5) of the interest payment otherwise due on such date (the "**PIK Interest**"), which PIK Interest shall be added to the aggregate outstanding Principal as at such Interest Calculation Date. The Lender shall, following each such Interest Calculation Date, notify the Borrower of the amount of such PIK Interest deferred and the Principal amount then outstanding.

2.8 Payment of Interest

Within three (3) Business Days following each Interest Calculation Date, the Lender shall advise each of the Borrower, Waiward Holdings GP, Waiward Steel GP and the Manager (if necessary) of the amount of cash interest payable in respect of such Interest Calculation Date after taking into account the application of Section 2.7 and any other amounts then due and payable hereunder. The Borrower shall then pay such interest and any other amounts payable as at such Interest Calculation Date under this Agreement as advised by the Lender not later than the immediately following Payment Date. Amounts payable pursuant to the foregoing sentence may also be paid directly to the Lender by Waiward Holdings GP, on behalf of Waiward Holdings, Waiward Steel GP, on behalf of Waiward Steel and/or the Manager, as applicable, pursuant to the directions referred to in Section 5.1(b) and 5.1(c). All accrued and unpaid interest shall in any event be paid in full no later than the Maturity Date.

2.9 Interest on Arrears

Any Principal or interest payment not made when due shall bear interest at the Default Rate calculated and paid in the same way as interest on the Principal not in arrears.

2.10 Calculation of Rates

- (a) All interest shall be calculated using the nominal rate method and not the effective rate method, and the "deemed reinvestment principle" shall not apply to such calculations.
- (b) Annual rates shall be calculated daily on the basis of a 365(6) day year.
- (c) For the purposes of the *Interest Act* (Canada), the yearly rate to which a rate calculated hereunder is equivalent, is equal to the rate so calculated multiplied by the actual number of days included in that year and divided by 365(6) days.

2.11 Cap on Interest

If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate 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 be so prohibited by law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary) (a) first, by reducing the amount or rate of interest; and (b) thereafter, by reducing any fees, commissions, premiums and other amounts, if any, required to be paid to the Lender which would constitute "interest" for purposes of section 347 of the *Criminal Code* (Canada).

2.12 Payment to Lender

All payments to be made to the Lender by the Borrower hereunder will be made by direct deposit payments by way of electronic funds transfer to an account in a bank in Canada designated by the Lender, unless directed otherwise by the Lender.

2.13 Payments to be Made on Business Days

Whenever any payment to be made hereunder is due on a day that is not a Business Day, such payment will be due and payable on the immediately preceding Business Day.

2.14 Timing of Payments

Any payment made by to the Lender by the Borrower hereunder that is received by the Lender after 1:00 p.m. Vancouver time will be deemed to have been made on, and incur interest to and including, the next succeeding Business Day.

2.15 Application of Payments

All payments made by the Borrower pursuant to this Agreement will be applied by the Lender in the following order (if applicable): 1) arrears, at the Lender's sole option, and 2) current balances, in the following order: expenses, interest and Principal. Other than regular payments of interest, the Lender may apply any other monies received by it to any amount the Borrower may owe the Lender under this Agreement and the Lender may change such applications from time to time in its sole discretion.

2.16 Fee

Concurrent with and subject to an Advance occurring, the Borrower will pay to the Lender a fee (the "**Finance Fee**") equal to seven per cent (7%) of such Advance, which sum the Lender may deduct from the draw down described in Section 2.2.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties

The Borrower represents and warrants to the Lender that:

- (a) **Partnership Action.** The Borrower has full power and authority to enter into and perform its obligations provided for under this Agreement.
- (b) **Authorization.** This Agreement has been duly authorized by all necessary partnership action.
- (c) **Accuracy of Information.** All written information delivered by the Borrower to the Lender in connection with this Agreement is accurate in all material respects and contains no material misstatement of fact nor does it omit a material fact the omission of which would make such information misleading in light of the circumstances in which the statements contained therein were made; and, to the extent that there are financial forecasts contained in such information, they have been prepared on the basis of reasonable assumptions and procedures and represent an estimate of the results forecast therein.
- (d) **Material Adverse Change.** Except as disclosed to the Lender, no change has occurred in the business and financial condition of any Loan Party since December 31, 2015, which would reasonably be expected to have a Material Adverse Effect.
- (e) **Effect of this Agreement.** Neither the execution and delivery of this Agreement or any of the Loan Documents nor compliance with the terms and provisions hereof or with the terms and provisions of the documents evidencing the Security will:
 - (i) conflict with, violate, or result in a breach of, any of the terms, conditions or provisions of any law or regulation applicable to the Borrower,
 - (ii) conflict with, violate, result in a breach of, or constitute a default under, the partnership agreement or any other constating document of any Loan Party or of any agreement or instrument to which a Loan Party is a party or by which it is bound; or
 - (iii) conflict with, violate, result in a breach of, or constitute a default under any of the Senior Lenders' Loan Documents.
- (f) **Validity of this Agreement.** This Agreement constitutes a legal, valid and binding obligation of the Borrower subject to applicable bankruptcy, insolvency, reorganization

and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

- (g) **Default.** No Default or Event of Default has occurred and is continuing.
- (h) **Encumbrances.** Each Loan Party granting security in favour of the Lender owns the property and assets included in such security free and clear of any Encumbrance other than Permitted Encumbrances.

ARTICLE 4 **COVENANTS**

4.1 Positive Covenants

The Borrower covenants and agrees with the Lender that:

- (a) **Payment and Performance of Obligations.** The Borrower shall duly and punctually pay all amounts and perform all other obligations on its part required to be performed under the terms of this Agreement and all other Loan Documents at the times and places and in the manner provided for herein or therein.
- (b) **Preservation of Security.** The Borrower shall observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed by virtue of any law, decree, regulation or similar enactment for the purpose of creating, maintaining and keeping maintained the liens created by the Security granted by the Borrower as a valid and effective security interest in favour of the Lender or its assigns upon the property, assets and undertaking charged or intended to be charged thereby and performing the obligations therein contained. The Borrower shall file, register, enter or record the Security, all modifications thereto and all other instruments of further assurance in respect thereof without delay wherever in the opinion of the Lender it would be of material advantage in preserving and protecting the liens created by the Security and shall renew such filings, registrations, entries or recordings from time to time as and when required, including as required by the Lender acting reasonably, and to fully and effectively maintain and keep maintained the Security as a valid and effective security interest upon the property, assets and undertaking charged or intended to be charged thereby.
- (c) **Reporting.** The Borrower shall provide to the Lender:
 - (i) within 60 days of each fiscal quarter-end, quarterly unaudited financial statements for the Borrower;

- (ii) within 120 days of each Fiscal Year-End, annual review engagement financial statements for the Borrower;
 - (iii) within 60 days of each fiscal quarter-end, quarterly unaudited financial statements for Waiward Steel Limited Partnership;
 - (iv) within 120 days of each Fiscal Year End, a copy of the annual audited financial statements for Waiward Steel Limited Partnership;
 - (v) within 60 days of each fiscal quarter-end, quarterly unaudited financial statements for Waiward Holdings;
 - (vi) within 120 days of each Fiscal Year End, a copy of the annual review engagement financial statements for Waiward Holdings; and
 - (vii) concurrently with delivery of the statements referred to in (ii) above, a compliance certificate from a senior officer of the Borrower confirming the accuracy of such review engagement annual financial statements and confirming that no Default or Event of Default has occurred and is continuing;
 - (viii) concurrently with delivery to the Senior Lenders, all financial reports and compliance certificates relating to the Borrower Group delivered to any one or all of the Senior Lenders; and
 - (ix) all other information which is reasonably requested by the Lender on a confidential basis regarding the business affairs, operations and financial condition of the Borrower Group, provided that, the Lender shall not disclose such information to the holders of the Convertible Debentures without the prior written consent of the Borrower.
- (d) **Corporate Existence, Licences and Approvals.** The Borrower shall, and shall cause each other Loan Party to, preserve and maintain its corporate or partnership existence, licences, rights, franchises and privileges in good standing in the jurisdiction of its formation and any jurisdiction in which the such Loan Party conducts its business, and, as the case may be, obtain, preserve and maintain all authorizations, consents, approvals, orders, licences, patents, trademarks, intellectual property rights, exemptions from or registrations or qualifications with any Public Authority that are necessary or materially valuable in the operation of its business based upon the judgment of the Borrower.
- (e) **Indemnity.** The Borrower shall, except in the case of gross negligence or wilful misconduct by the Lender or its directors, officers, employees, sub-contractors, consultants, agents, attorneys and permitted assigns, indemnify the Lender and its directors, officers, employees, sub-contractors, consultants, agents, attorneys and

permitted assigns from and against any and all claims, damages, liabilities, Break Costs, loss or expense (including, without limitation, all reasonable legal fees and disbursements of counsel) (except to the extent such loss or expense is a consequential loss (such as loss of profits) or expense which could not otherwise be recovered under applicable law) incurred by or asserted against any of the foregoing Persons in connection with, arising out of or relating to any of the Loan Documents.

- (f) **Books and Records; Access.** The Borrower shall keep and maintain proper and accurate books of account and other accounting records reflecting all financial transactions of the Borrower in conformity with GAAP applied on a basis consistent with past practices. The Borrower shall permit the Lender's representatives to have access, on two Business Days prior written notice, during regular office hours to all books and records in its possession or within its control and relating to its business, to examine and copy such books and records and to inspect its property, and the Borrower shall provide to the Lender all information reasonably requested by the Lender concerning the Borrower's performance of its obligations under the Loan Documents.
- (g) **Notice of Litigation.** The Borrower shall, upon becoming aware that the same may be threatened or pending, and in any event within two Business Days of becoming so aware, give to the Lender notice in writing of all litigation or administrative, arbitration or similar proceedings against or affecting a Loan Party or any of its property, assets or undertaking which could, if determined adversely to it, have a Material Adverse Effect, and from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation or administrative, arbitration or similar proceeding or dispute.
- (h) **Compliance with Laws.** The Borrower shall materially comply with the requirements of all applicable laws, decrees, regulations or similar enactments and published orders of any Public Authority by which the Borrower or any of its property, assets or undertaking is bound.
- (i) **Notice of Default.** The Borrower shall, as soon as practicable and in any event within two Business Days after a Loan Party becomes aware of the occurrence of a Default or an Event of Default, notify the Lender forthwith in writing of any occurrence of the Default or Event of Default and at the same time inform the Lender of any action taken or proposed to be taken in connection therewith.
- (j) **Payment of Taxes and other Claims.** The Borrower shall pay and discharge (i) all taxes, assessments or other government duties (collectively "**Taxes**") owed by it in respect of its revenues, earnings, property, assets or undertaking, including all taxes on goods and services, before they become past due; (ii) all legal claims (collectively "**Claims**") that, if

they remained unpaid, could give rise to an Encumbrance on any of its property, assets or undertaking; and (iii) all of its other Debts, subject to any restrictions thereon provided in this Agreement; it being understood that the Borrower is not obligated to pay or discharge any Taxes or Claims to the extent that (i) their amount, application or validity is being actively challenged in good faith using the appropriate procedures and (ii) that the appropriate reserves have been established in accordance with GAAP applied on a basis consistent with past periods.

- (k) **Reliance and Survival:** All representations and warranties of the Borrower made herein or in any certificate or other document delivered by or on behalf of the Borrower for the benefit of the Lender are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit. The Lender is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Lender at any time.
- (l) **Purpose.** The Loan shall be used by the Borrower for debt repayment, distributions, operating expenses and general working capital.

4.2 Negative Covenants

Without the prior written consent of the Lender, the Borrower covenants and agrees with the Lender that so long as any Indebtedness is outstanding:

- (a) **Restrictions on Distributions.** The Borrower shall not declare or pay any Distributions whatsoever on any partnership units or set aside any funds or assets for such purpose or purchase, redeem, retire or cancel any of its partnership units or make any distribution of its assets to its partners, except that, provided no Default or Event of Default has occurred and is continuing, the Borrower may make Distributions to its partners from distributions which it receives in respect of the WHLP Units or, subject to Section 4.1(l), from the proceeds of the Loan, provided that the making of such Distributions will not cause and will not be likely to cause a Default hereunder or under the Security to which it is a party.
- (b) **Negative Pledge.** No Loan Party shall create, grant, assume or permit to exist any Encumbrance on any of its property, assets and undertaking, except Permitted Encumbrances.
- (c) **Sale of Property and Assets.** No Loan Party shall sell, assign, transfer, charge, encumber or otherwise dispose of any of its property or assets except as otherwise contemplated herein without the prior written approval of the Lender, not to be unreasonably withheld.

- (d) **Loans and Advances.** The Borrower shall not make any loan or advance to, or purchase or otherwise acquire any Debt of, any other Person.
- (e) **Amalgamation, Merger, Consolidation, Liquidation or Dissolution.** No Loan Party shall:
 - (i) amalgamate, merge, otherwise consolidate, or enter into any other form of business combination, with or into any other Person, (ii) enter into any other form of business combination or other transaction with any other Person that could result in a Change of Control, or (iii) proceed with any liquidation or dissolution of itself.
- (f) **Creation of a Subsidiary.** The Borrower shall not create a subsidiary other than Waiward Holdings without the prior written approval of the Lender, not to be unreasonably withheld.
- (g) **Business.** The Borrower shall not engage in any business other than the ownership of WHLP Units and matters ancillary thereto without the prior written approval of the Lender, not to be unreasonably withheld.
- (h) **Restriction on Debt.** The Borrower shall not make any borrowing, or incur or assume any Debt, directly or indirectly.
- (i) **Restriction on Borrower Group Debt.** Neither Waiward Holdings or Waiward Steel shall incur any Senior Debt having an aggregate principal amount exceeding the greater of Fifty Million Dollars (\$50,000,000) and three times the twelve month EBITDA (earnings before interest, taxes, depreciation and amortization) determined for the most recent twelve month period for which financial statements have been delivered pursuant to Section 4.1(c) at the time of such incurrence.

ARTICLE 5

SECURITY

5.1 Granting of Security

As security for the payment of the Indebtedness by the Borrower to the Lender and the performance of its obligations hereunder, the Borrower shall execute and deliver, or cause to be executed and delivered, to the Lender in form and content satisfactory to the Lender, the following Security:

- (a) a promissory note payable by the Borrower to the Lender evidencing the Loan;
- (b) a securities pledge agreement from the Borrower of the WHLP Units in favour of the Lender and with applicable acknowledgements and agreements of Waiward Holdings together with stock power(s) of attorney and authorizing resolutions and consents;
- (c) a full recourse guarantee with assignment and postponement of claims from the General Partner and a securities pledge agreement of all of the issued and outstanding

units of the Borrower in its name in favour of the Lender together with stock powers of attorney and authorizing resolutions and consents;

- (d) a securities pledge agreement from Hillcore Waiward Investments Ltd. of all shares in the capital of Waiward Holdings GP and with applicable acknowledgements and agreements of Waiward Holdings GP together with stock power(s) of attorney and authorizing resolutions and consents;
- (e) a direction from the Borrower to Waiward Holdings and from Waiward Holdings to Waiward Steel GP (and acknowledged and agreed by each of the general partner of Waiward Holdings and Waiward Steel GP) to: (i) pay an amount up to the amount contemplated on each Payment Date as notified by the Lender pursuant to Section 2.8 directly to the Lender; (ii) pay an amount up to the amount required on the Maturity Date directly to the Lender; and (iii) following delivery of a notice of a Default or an Event of Default from the Lender, pay all distributions in respect of the WSLP Units directly to the Lender, in all cases, from amounts otherwise payable to Waiward Holdings related to WSLP Units; and
- (f) a direction from the Manager to Waiward Steel GP (and acknowledged and agreed by Waiward Steel GP) to pay all management fees from amounts otherwise payable to the Manager in respect of Waiward Steel Limited Partnership directly to the Lender to the extent that any distribution from Waiward Holdings or Waiward Steel is not sufficient to pay amounts due on any Payment Date as contemplated in Section 5.1(e) or such amounts due are not paid to the Lender for any reason.

5.2 Ranking of the Security

The Security shall be perfected in all relevant jurisdictions in accordance with the applicable personal property security legislation and shall be first ranking on the property charged thereby, subject to Permitted Encumbrances.

ARTICLE 6

CONDITIONS PRECEDENT

6.1 Conditions Precedent

The obligations of the parties under this **Agreement** (save for under this Section 6.1) are expressly subject to:

- (a) the approval of the respective boards of the Lender, Trenchant, the General Partner, and Waiward Holdings GP,

- (b) receipt by the Borrower of all required consents and approvals to this Agreement from its Affiliates;

both of which the parties agree they shall use commercial reasonable efforts to obtain within ten (10) Business Days of the date of this Agreement; and

- (c) the parties agreeing on the form and substance of all further documentation required to effect the Loan and, without limiting the generality of the foregoing, to secure the Loan as provided in Article 5, in accordance with Section 8.8.

6.2 Conditions Precedent to the Advance

The obligation of the Lender to make available the initial Advance hereunder is conditional upon:

- (a) the delivery of the following by the Borrower to the Lender, in form and substance satisfactory to the Lender:
 - (i) a duly executed copy of this Agreement;
 - (ii) duly executed copies of all Security;
 - (iii) evidence of the perfection of all security interests created by the Security;
 - (iv) certified copies of authorizing resolutions from each Loan Party with respect to the Security to which it is a party;
 - (v) a duly executed certificate of an officer of each Loan Party as to certain matters of fact required by the Lender;
 - (vi) the favourable opinion of counsel to the Loan Parties addressing such matters as the Lender may require including the status of each the Loan Parties, the due and proper execution and delivery, and enforceability, of the Loan Documents and the registration and perfection of the Security;
 - (vii) a certified copy of the partnership agreement with respect to Waiward Holdings;
 - (viii) a certified copy of the partnership agreement with respect to Waiward Steel;
 - (ix) a certified copy of the management agreement between the Manager and Waiward Steel;
 - (x) an organizational chart with accurate and current ownership details of the Borrower Group;

- (xi) such acknowledgements and further assurances and documents from the Borrower as the Lender may require in order for the Lender to effectively assign the Security to or on behalf of the holders of the Convertible Debentures; and
 - (xii) all other information reasonably requested by the Lender;
- (b) the TSX Venture Exchange has given its written approval of this Agreement and the transactions contemplated hereunder;
 - (c) the Lender shall have completed a successful financing of Convertible Debentures in an aggregate principal amount of not less than Five Million Dollars (\$5,000,000);
 - (d) the Borrower and Trenchant Capital Corp. shall have entered into the Management Agreement and the Unit Purchase Option;
 - (e) the representations and warranties contained in this Agreement being true and correct; and
 - (f) the Lender being satisfied, in its sole opinion, that there exists no event or circumstance which has had or reasonably could be expected to have a Material Adverse Effect and no material adverse change shall have occurred in the operations or financial conditions of any Loan Party since the date of the most recent financial statements provided to the Lender.

6.3 Waiver of Conditions Precedent

The terms and conditions of Section 6.2 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part, with or without terms or conditions.

ARTICLE 7

EVENTS OF DEFAULT

7.1 Events of Default

Each of the following events constitutes an "**Event of Default**" under this Agreement whether any such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Public Authority:

- (a) **Repayment of Principal or Interest.** The Borrower fails to pay any portion of the Principal or interest, fees (including fees for late payment) or other Indebtedness when due (including pursuant to a notice of prepayment) and such default continues for two Business Days;

- (b) **Breach or Default.** Any member of the Borrower Group or a Loan Party commits a breach of, or defaults in the due and prompt performance or observance of, any of its covenants, conditions or obligations pursuant to this Agreement or any other Loan Document to which it is a party (other than payment obligations included in paragraph (a)) and such breach, if capable of being remedied, is not remedied within 15 days after the Borrower has received written notice thereof;
- (c) **Cross Default.** There exists and is continuing an event of default under and as defined in any or all of the Senior Lenders' Loan Documents;
- (d) **Breach of Representations and Warranties.** Any material representation or warranty made by a member of the Borrower Group or a Loan Party in or pursuant to this Agreement or any other Loan Document to which it is a party is or report or certificate which it has provided to the Lender proves to be untrue or incorrect as of the date on which such representation or warranty is made or any such representation or warranty is or proves to be untrue or incorrect at any time thereafter with reference to the facts subsisting at that time and, if capable of being remedied, is not remedied within 15 days after the Borrower has received written notice thereof;
- (e) **Bankruptcy and Insolvency.** A member of the Borrower Group or a Loan Party becomes, admits to being or is declared insolvent or bankrupt or admits in writing its inability to pay its debts generally as they become due, ceases or threatens to cease to carry on all or a substantial part of its business or passes any resolution to wind up its affairs or to liquidate its assets, makes an assignment for the benefit of its creditors, makes a proposal or seeks other relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) or any other Debtor Laws, or a judgment is executed against all or substantially all of its assets, property or undertaking;
- (f) **Winding Up.** An order is made, a resolution passed or a petition is filed for the liquidation, dissolution or winding up of a member of the Borrower Group or a Loan Party or all of them;
- (g) **Appointment of Receiver.** A custodian, liquidator, receiver, receiver and manager, receiver-manager or trustee or any other Person with similar powers being appointed for any Loan Party or a member of the Borrower Group;
- (h) **Change of Control.** There is a Change of Control of a member of the Borrower Group or a sale of the WSLP Units without the prior written consent of the Lender; and
- (i) **Invalid and Unenforceable.** Any provision of any Loan Document shall for any reason cease to be valid, binding and enforceable in accordance with its terms, or any

Encumbrance granted, or intended by the Loan Documents to be granted, to Lender shall cease to be a valid and perfected Encumbrance having the first priority (or a lesser priority if expressly permitted in the Loan Documents) in any of the Collateral described therein (or any Loan Party shall so assert any of the foregoing).

7.2 Remedies upon Event of Default

Upon the occurrence and during the continuance of any Event of Default the Lender may, by notice in writing, declare the Indebtedness outstanding to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without protest, presentment, demand, notice of Default, notice of acceleration or other notice of any kind, all of which are hereby expressly waived by the Borrower, and the Lender may proceed to protect, exercise and enforce its rights and remedies under this Agreement and the other Loan Documents and such other rights and remedies as are provided by law.

7.3 Obligations of Lender

The Lender shall not be under any obligation to the Borrower or any other person to realize upon any Collateral or enforce the Security or any part thereof or to allow any of the Collateral to be sold, dealt with or otherwise disposed of. The Lender shall not be responsible or liable to the Borrower or any other Person for any loss or damage arising from or related to: (i) the realization or enforcement of, or the failure to realize or enforce, the Collateral or any part thereof; (ii) allowing any of the Collateral to be sold, dealt with or otherwise disposed of; or (iii) any act or omission on its part or on the part of any director, officer, agent, servant, adviser or other representative of the Lender in connection with any of the foregoing, except that the Lender may be responsible or liable for any loss or damage arising from its or their wilful misconduct or gross negligence.

7.4 Power of Attorney

Effective upon occurrence of and during the continuance of an Event of Default, the Borrower hereby irrevocably constitutes and appoints any officer of the Lender and its assignee its due and lawful attorney with full power of substitution in its name and on its behalf, during the continuance of an Event of Default, to enforce any right, title or interest of the Borrower in, to or under the Security or any part thereof or any Collateral charged thereunder or any obligation to the Borrower or remedy available to the Borrower. This appointment is coupled with an interest and is irrevocable to the maximum extent permitted by applicable law.

7.5 Remedies Non Exclusive

No remedy herein or in any of the other Loan Documents conferred on the Lender is intended to be exclusive to each and every remedy, given hereunder or under any of the other Loan Documents now or hereafter existing, or at law, in equity, by statute or otherwise. The exercise or commencement of

exercise by the Lender of any one or more of such remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other remedies.

7.6 Set Off or Counterclaim

The obligation of the Borrower to make all payments hereunder or under any of the other Loan Documents shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation, any set off, compensation, counterclaim, defence or other right which the Borrower may have against the Lender or anyone else for any reason whatsoever and any insolvency, bankruptcy, reorganization or similar proceeding by or against the Borrower.

7.7 Forbearance

No condonation, forgiveness, waiver or forbearance by the Lender of any non-observance or non-performance by the Borrower of any of the provisions hereunder will operate as a waiver or estoppel by or against the Lender in respect of any subsequent non-observance or non-performance by the Borrower of any of the provisions hereunder.

7.8 No Merger or Novation

Neither the taking of any judgment under a covenant contained in any of the Loan Documents or otherwise, nor the exercise of any power of appointment, seizure, sale or otherwise pursuant to any of the Loan Documents or otherwise, will operate to extinguish the obligation of the Borrower to pay any of the Indebtedness or as a merger of any covenant contained in any of the Loan Documents or otherwise, and the acceptance of any payment or alternate security by or on behalf of the Lender will not constitute or create a novation.

7.9 Remedies Cumulative

The rights and remedies in the Loan Documents expressly specified are cumulative and not exclusive of any rights or remedies which the Lender would otherwise have; nor will the acceptance by the Lender of any further security or of any payment of or on account of any Indebtedness and liabilities hereunder maturing after a Default or of any payment on account of any past Default be construed to be a waiver of any right to take advantage of any future Default or of any past Default not completely cured thereby. The Lender may also, in its discretion, exercise any and all rights, powers, remedies and recourses available to it under any of the Loan Documents, or any other remedy available to it, and such rights, powers, remedies and recourses may be exercised concurrently or individually without the necessity of any election.

ARTICLE 8
MISCELLANEOUS

8.1 Over-Allotment

In the event of an exercise of the Over-allotment Option, the Lender shall immediately notify the Borrower and the Borrower shall, within five (5) Business Days, notify the Lender whether it will increase the Loan in the amount of the Over-Allotment, in which case the amount of the Loan will be increased by such amount. If the Borrower does not increase the amount of the Loan, the Lender shall not exercise the Over-allotment Option.

8.2 Performance by Lender

After an Event of Default, if the Borrower fails to perform any of its obligations under any of the Loan Documents, the Lender may, but is not obligated to, perform any or all of such obligations and all reasonable costs, charges, expenses, fees, outlays and premiums incurred by the Lender in connection with such performance will be payable by the Borrower to the Lender, forthwith without demand by the Lender, with interest thereon from the date incurred by the Lender at the Default Rate.

8.3 Waiver

No failure or delay on the part of the Lender in exercising any right, power or privilege under any of the Loan Documents will operate as a waiver thereof or a waiver of any other right, power or privilege, and no single or partial exercise of any right, power or privilege hereunder or thereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege; and performance by the Lender pursuant to Section 8.1 or otherwise of any obligation of the Borrower will not constitute a waiver thereof, or a waiver of any other right, power or privilege.

8.4 Confidentiality

Each of Borrower and the Lender covenants and agrees to maintain the confidential nature of the terms and conditions of the Loan Documents and any other information disclosed to it pursuant to the terms of the Loan Documents and not to disclose the same by any means or for any purpose, except as follows: (a) to its accountants and professional advisors; (b) to its officers, directors and employees, its Affiliates and their officers, directors and employees, and to each other party to the Loan Documents; (c) as required by applicable law or by judicial or administrative process, provided that the party requiring disclosure shall use its best efforts to limit the extent of the disclosure to the extent permitted by applicable law; (d) in connection with any litigation to which the Borrower or the Lender is a party relating to this Agreement, any other Loan Document or the transactions contemplated hereby or thereby; (e) in connection with any enforcement of the Borrower's or the Lender's rights under the Loan Documents; (f) to the holders or potential holders of the Convertible Debentures; (g) to Trenchant Capital Corp.; or (h) as expressly contemplated under the Loan Documents. In addition, any of the

parties may make such other public disclosures of the terms and conditions hereof as, in the opinion of its respective counsel, the party is required by applicable law to make.

8.5 Announcements

The Lender may make oral or written announcements with respect to the Loan in the normal course of its business or as required by applicable securities laws from time to time. Any media based announcement which references the Borrower shall require the written approval of the Borrower, which consent shall not be unreasonably delayed or withheld.

8.6 Modifications, Approvals and Consents to be in Writing

Subject to Section 8.8, no amendment, modification, supplement, termination or waiver of any provision of this Agreement or any of the Loan Documents, and no approval, consent or permission to be given by the Lender under this Agreement or any of the Loan Documents, will be effective unless in writing signed by the Lender and then only in the specific instance and for the specific purpose given, and the Lender will and does have discretion as to the exercise of any such approval, consent or permission and to the mode of and time for exercise thereof and, except as otherwise provided by law, the Lender will be in no way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

8.7 Termination

Notwithstanding any other provision of this Agreement, the parties agree that this Agreement shall terminate automatically and without further act if the initial Advance has not been made by the date specified in Section 2.2, unless otherwise agreed to in writing by the parties.

8.8 Further Assurances

The Borrower will do such further acts and things and execute and deliver to the Lender such further deeds, instruments, powers and other documents as the Lender may from time to time reasonably require or deem advisable to carry into effect the purposes of the Loan Documents or to better assure and confirm unto the Lender its rights, powers and remedies under the Loan Documents, it being acknowledged that the Borrower will not be required to assume any liability with respect to the Convertible Debentures.

8.9 Successors and Assigns

This Agreement and the Loan Documents will be binding upon and enure to the benefit of the Borrower and the Lender, and their respective successors and permitted assigns, provided that neither the Borrower or the Lender may assign any of its rights hereunder or thereunder, as the case may be, without the prior written consent of the other, which consent may not be unreasonably withheld or delayed. Notwithstanding the foregoing sentence, this Agreement and the other Loan Documents may

be assigned by the Lender as collateral security for the Lender's and Trenchant Capital Corp.'s obligations in respect of the Convertible Debentures.

8.10 Lender's Records

The Lender is hereby authorized to open and maintain books of account and other books and records evidencing all advances under the Loan, interest accruing thereon, fees, charges, and other amounts from time to time charged to the Borrower under the Loan Documents; and amounts from time to time owing, paid, or repaid by the Borrower under this Agreement. The records of the Lender as to the amount of the Indebtedness outstanding at any time, or as to any demand having been made upon the Borrower, will be regarded as constituting prima facie proof of the relevant fact or facts without any further or other proof but the failure to make any entry or recording in such records will not limit or otherwise affect the obligations of any Loan Party under the Loan Documents.

8.11 Notice

Any notice, statement or other communication required or permitted to be given hereunder will be in writing and transmitted by fax or email or delivered by hand to the party for whom it is intended at the email address, location or fax number of such party set out below or to such other email address, location or fax number as such party may designate to the other party by notice in writing delivered in accordance with this section.

If to the Lender:	0960128 B.C. Ltd. Suite 800 885 West Georgia Street Vancouver, B.C. V6C 3H1
	Attention: Corporate Secretary Fax: (604) 687-6314 E-Mail: corporatesecretary@trenchantcapital.net
If to the Borrower:	Waiward Investments Limited Partnership c/o Hillcore Group & Abacus Private Equity Suite 2578, Bentall Tower Five 550 Burrard Street Vancouver, B.C. V6C 2B5
	Attention: Mr. Greg Tedesco Fax: (604) 696-9935 E-Mail: gtedesco@hillcoregroup.com

The notices, statements or communications sent in accordance with this section shall be presumed to have been received the day they are sent, if delivered by hand or if transmitted by email or fax before

4:00 p.m. Vancouver time on a Business Day; failing this, the notice shall be deemed to have been received the next Business Day.

8.12 Governing Law

The Loan Documents and all matters and agreements contemplated by and arising under the Loan Documents will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, and the parties hereby agree to attorn to the exclusive jurisdiction of the courts of British Columbia.

8.13 Severability

If any provision or any part thereof of this Agreement or any other Loan Document or any part thereof is found or determined to be invalid, illegal or unenforceable, such provision will be severable from such Loan Document and the remainder of such Loan Document will be construed as if such invalid, illegal or unenforceable provision or part had been deleted therefrom.

8.14 Agreement to Govern

In case of conflict between the terms of this Agreement and the terms of the Security (such that terms of this Agreement and the terms of the Security cannot coexist), the terms of this Agreement will prevail.

8.15 Time of the Essence

Time is of the essence of the Loan Documents in respect of all payments to be made hereunder and thereunder, as applicable, and all covenants and agreements to be performed and fulfilled. Any extension of time hereunder or thereunder, as applicable, shall not be deemed to be or operate in law as a waiver on the part of the Lender that time is to be of the essence hereunder or thereunder.

8.16 Whole Agreement

This Agreement constitutes the whole and entire agreement among the parties hereto with respect to the subject hereof and cancels and supersedes any prior agreements, undertakings, declarations, representations, written or verbal, in respect thereof.

8.17 Signature

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

Signature page follows.

IN WITNESS WHEREOF the parties hereunto have duly executed these presents as of the day and year first above written.

**WAIWARD INVESTMENTS
LIMITED PARTNERSHIP**, by its
general partner, **9254064 Canada Ltd.**

0960128 B.C. Ltd.

Per: “Jean-Marc Bougie”
Name: Jean-Marc Bougie
Title: CEO

Per: “Eric Boehnke”
Name: Eric Boehnke
Title: President

SCHEDULE A

UNIT PURCHASE OPTION

THE OPTIONS REPRESENTED BY THIS UNIT PURCHASE OPTION CERTIFICATE (THIS "**CERTIFICATE**") WILL BE VOID AND OF NO VALUE UNLESS EXERCISED BY 5:00 P.M. (VANCOUVER TIME) ON THE EXPIRY DATE.

UNIT PURCHASE OPTION CERTIFICATE

TRENCHANT CAPITAL CORP.

Suite 800

885 West Georgia Street

Vancouver, B.C. V6C 3H1

(the "**Holder**")

1. This is to certify that, for value received, the Holder has the right to purchase (the "**Option**") from the Borrower, upon and subject to the terms and conditions hereinafter referred to, _____ * Units (the "**Acquired Units**") in the partnership capital of the Issuer.
2. The terms and conditions of the Option are set out below and in Appendix 1 attached to this Certificate ("**Appendix 1**"). Capitalized terms used in this Certificate but not otherwise defined herein shall have the meanings ascribed thereto in Appendix 1.
3. The Holder may exercise its right to purchase the Acquired Units (in whole or in part) for the Exercise Amount at any time until the Expiry Date by:
 - (i) providing the Borrower with a completed and executed Exercise Form for the number of Acquired Units which the Holder wishes to purchase; and
 - (ii) paying the applicable Exercise Amount, in Canadian funds, for the aggregate number of Acquired Units being purchased, either by bank draft, certified cheque or money order, payable to the Borrower, and delivering such payment to the Borrower at the address set forth in Section 8.11 of the Loan Agreement.
4. On the date the Borrower receives a duly executed Exercise Form and the aggregate Exercise Amount for the number of Acquired Units specified in the Exercise Form (the "**Exercise Date**"), the Acquired Units so purchased will be deemed to have been transferred and the persons to whom such Acquired Units have been deemed to be transferred will be deemed to have become the holder (or holders) of record of such Acquired Units on such date. As promptly as practicable after the Exercise Date and, in any event, within ten (10) business days of the Exercise Date, the Borrower will cause the Issuer to deliver to the person in whose name the Acquired Units so purchased are to be registered as specified in the Exercise Form at its address specified in the Exercise Form, a certificate for the appropriate number of Acquired Units.

5. The Holder may purchase a number of Acquired Units less than the number which the Holder is entitled to purchase pursuant to the Option, provided that the Holder cannot exercise its rights under the Option for less than 25% of the Acquired Units or more than three (3) times. In the event of any purchase of a number of Acquired Units less than the full number which can be purchased pursuant to the Option at such time, the Holder, upon exercise thereof, will be entitled to receive a new Certificate in respect of the balance of the Acquired Units which the Holder was entitled to purchase pursuant to the original Option, as amended, and which were not then purchased.
6. The Option may also be exercised, in whole or in part, one time by means of a "cashless exercise" in which the Holder shall be entitled to receive such number of Acquired Units as is equal to the number determined by the following formula:

$$[(A-B)/(B)] \times (X)$$

where:

(A) = the value of the number of the Acquired Units to be purchased by the Holder (as set forth in the Exercise Form);

(B) = the Exercise Amount, as adjusted, for the number of the Acquired Units to be purchased by the Holder as set forth in the Exercise Form; and

(X) = the number of Acquired Units that would be issuable upon exercise of the Option for the number of the Acquired Units to be purchased by the Holder (as set forth in the Exercise Form) in accordance with the terms of the Certificate if such exercise were by means of a cash exercise rather than a cashless exercise.

For such purposes, the value of each Unit will be determined based upon a valuation of the Issuer equal to five and one half (5.5) times EBITDA (earnings before interest, taxes, depreciation and amortization) for the past four fiscal quarters based upon the most recent quarterly financial statements of the Issuer and divided by the number of Units then issued and outstanding, with EBITDA is to be determined using numbers calculated in accordance with accounting standards for private enterprises (ASPE) or such other generally accepted accounting policies adopted by the Issuer and used on a consistent basis.

7. The holding of this Certificate will neither constitute the Holder a limited partner of the Issuer nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Certificate.
8. Good title to the Acquired Units will be transferred by the Borrower to the Holder free and clear of all liens and encumbrances subject to the Holder discharging any security interest in such Acquired Units currently held by it the time of the transfer of the Acquired Units.
9. The Options represented by this Certificate are non-transferable.
10. Time will be of the essence hereof.
11. This Option shall expire on the Expiry Date.

12. This Certificate is not valid for any purpose until it has been signed by the Borrower.
13. The Option will be exclusively construed in accordance with the laws of the Province of British Columbia. This Certificate and Appendix 1 are governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Holder irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.
14. Any notice required or permitted to be given to the Holder will be in writing and may be given by prepaid registered post, electronic facsimile transmission or other means of electronic communication capable of producing a printed copy to the address of the Holder appearing on this Certificate or to such other address as the Holder may specify by notice in writing to the Borrower to the address set forth in Section 8.11 of the Loan Agreement, and any such notice will be deemed to have been given and received by the Holder: (a) if mailed by prepaid registered post, on the third business day following the mailing thereof; (b) if by electronic facsimile or other electronic communication, on successful transmission; or (c) if delivered, on delivery, but if at the time of mailing, or between the time of mailing and the third business day thereafter, there is a strike, lockout or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.
15. This Certificate will enure to the benefit of and will be binding upon the Borrower and its successors.

IN WITNESS WHEREOF the Borrower has caused this Certificate to be signed by its authorized signatories as of _____, 20____.

**WAIWARD INVESTMENTS
LIMITED PARTNERSHIP,**
as represented by its general partner,
9254064 Canada Ltd.

Per: _____
Name:
Title:
Address:
Fax:
Email:

* The number of Units to be inserted shall equal the principal amount of the Loan advanced divided by \$20,000,000.00 multiplied by ten (10%) percent of the number of Units held by WILP at closing (92.11% of the outstanding Units).

APPENDIX 1

1. Definitions

- (a) "**Acquired Units**" has the meaning ascribed to it in the Certificate.
- (b) "**Adjustment Period**" means the period commencing on the date of the Certificate and ending at any applicable Exercise Date.
- (c) "**Applicable Percentage**" means, in respect of any exercise of the Option, the percentage of the Acquired Units being purchased at such time as compared to the aggregate number of Acquired Units.
- (d) "**Borrower**" means Waiward Investments Limited Partnership, a partnership existing under the laws of Quebec.
- (e) "**Certificate**" means the Unit Option Purchase Certificate attached to this Appendix 1.
- (f) "**Exercise Amount**" means: (i) if this Option is exercised at any time on or prior to April 1, 2018, the Applicable Percentage of Cdn. \$6,938,000; (ii) if this Option is exercised on or following April 1, 2018 up to March 31, 2019, the Applicable Percentage of Cdn. \$7,285,000; (iii) if this Option is exercised on or following April 1, 2019 to March 31, 2020, the Applicable Percentage of Cdn. \$7,979,000; (iv) if this Option is exercised on or following April 1, 2020 to March 31, 2021, the Applicable Percentage of Cdn. \$8,673,000; and (v) if this Option is exercised on or following April 1, 2021 to March 31, 2022, the Applicable Percentage of Cdn. \$9,367,000.
- (g) "**Exercise Date**" means the date that the Holder exercises its right to purchase the Acquired Units in accordance with the terms of this Certificate.
- (h) "**Exercise Form**" means an exercise form in substantially the form attached hereto as Exhibit "A".
- (i) "**Expiry Date**" means March 31, 2022.
- (j) "**Fully Diluted Basis**" means all of the Units of the Issuer owned by the Borrower from time to time, assuming conversion or exercise of all securities convertible or exchangeable into Units of the Issuer outstanding at the relevant time.
- (k) "**Holder**" has the meaning ascribed to it in the Certificate.
- (l) "**Issuer**" means W.H. Limited Partnership, a limited partnership existing under the laws of British Columbia.

- (m) "**Loan Agreement**" means the Loan Agreement dated as of March 2, 2017 between the Borrower and 0960128 B.C. Ltd.
- (n) "**Option**" has the meaning ascribed to it in the Certificate.
- (o) "**Units**" means each limited partnership unit in the partnership capital of the Issuer.

2. **Adjustments**

- (a) The rights of the Holder will be adjusted from time to time in the events and in the manner provided for in Section 2.
- (b) If and whenever at any time during the Adjustment Period there is:
 - (i) any reclassification of the Units, any change of the Units into other units, interests, shares or other securities or any other capital reorganization of the Issuer; or
 - (ii) any consolidation, amalgamation, arrangement, merger or other form of business combination or reorganization of the Issuer with or into any other partnership, corporation or other entity

(in any case, a "**Reorganization**"),

then, after such Reorganization, the Holder will be entitled to receive, upon exercise of this Option, and shall accept, for the Exercise Amount, in lieu of the number of Acquired Units to which such Holder was theretofore entitled upon such exercise, the kind and number or amount of units, interests, shares or other securities or property which the Holder would have been entitled to receive as a result of such Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Acquired Units to which the Holder was theretofore entitled upon such exercise of the Option. In the case of any Reorganization, appropriate adjustments will be made in the application of the provisions of this Section 2(b) relating to the rights and interest thereafter of the Holder so that the provisions of this Section 2(b) will be made applicable as nearly as reasonably possible to any units, interests, shares or other securities deliverable after the Reorganization on the exercise of the Option.

- (c) In any case in which this Section 2 shall require that an adjustment shall become effective immediately after a record date for, or effective date of, any Reorganization, the Issuer may defer, until the occurrence and consummation of such Reorganization, transferring to the Holder pursuant to the Option exercised or deemed to have been exercised after such record date or effective date and before the occurrence and consummation of such Reorganization, the units, interests, shares or other securities or

property issuable upon such exercise by reason of the adjustment required by such Reorganization, provided, however, that the Borrower will, or will cause the Issuer, to deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such units, interests, shares or other securities or property upon the occurrence and consummation of such Reorganization and the right to receive any dividend or other distribution in respect of such units, interests, shares or other securities or property declared in favour of the holders of record of such units, interests, shares or other securities or property on or after the Exercise Date or such later date as the Holder would, but for the provisions of this Section 2(c), have become the holder of record of such units, interests, shares or other securities or property pursuant to Section 2(b).

- (d) The adjustments provided for in this Section 2 are cumulative and shall apply (without duplication) to successive events resulting in any adjustment under the provisions of this Section 2.
- (e) In the event of any question arising with respect to the adjustments provided in this Section 2, such question shall be conclusively determined by the Issuer's auditors or, if they are unable or unwilling to act, by such firm of chartered accountants as is appointed by the Borrower and reasonably acceptable to the Holder. Such accountants shall have access to all necessary records of the Issuer and such determination shall be binding upon the Borrower and the Holder.
- (f) As a condition precedent to the taking of any action which would require an adjustment in any of the rights under this Option, the Borrower will take any action which may, in the opinion of counsel to the Borrower or the Issuer, be necessary in order that the Issuer, or any successor to the Issuer or successor to the undertaking or assets of the Issuer, will be obligated to and may validly and legally transfer all the units, shares, interests or other securities or property which the Holder would be entitled to receive upon the exercise thereof in accordance with the provisions hereof.
- (g) At least ten (10) days before the effective date of or record date for any Reorganization that requires or might require an adjustment in any of the rights under this Option, the Borrower will give notice to the Holder of the particulars of such Reorganization and, to the extent determinable, any adjustment required. Notice shall be given to the Holder as provided for in the Certificate. Such notice need only set forth such particulars as have been determined at the date such notice is given. If any adjustment for which such notice is given is not then determinable, promptly after such adjustment is determinable the Borrower will give notice to the Holder of such adjustment.

EXHIBIT "A"

EXERCISE FORM

TO: WAIWARD INVESTMENTS LIMITED PARTNERSHIP, acting through its general partner
9254064 CANADA LTD.

Pursuant to the Unit Purchase Option Certificate dated as of _____, 20____, the undersigned hereby exercises its option to purchase _____ of the Acquired Units for the aggregate sum of _____, and encloses herewith a certified cheque, bank draft or money order payable to the Issuer in full payment of such Acquired Units.

The undersigned hereby requests that:

- (a) such Acquired Units be transferred to the undersigned;
- (b) the name and address of the undersigned as shown below be entered in the registers of members and allotments of the Issuer;
- (c) such Acquired Units be transferred to the undersigned as fully paid and non-assessable Units of the Issuer; and
- (d) a Unit certificate representing such Acquired Units be issued in the name of the undersigned.

Dated this _____ day of _____, _____.

DIRECTION AS TO REGISTRATION:

(Name and address exactly as you wish them to appear on your unit certificate and In the register of partners.)

Full Name: _____

Full Address: _____

Signature of Purchaser: _____

SCHEDULE B

MANAGEMENT AGREEMENT

THIS AGREEMENT is made as of the ___ day of _____, 2017

AMONG:

TRENCHANT CAPITAL CORP., a British Columbia corporation having its registered office located at Suite 800, 885 West Georgia Street, Vancouver BC V6C 3H1

(the "**Manager**")

AND:

WAIWARD INVESTMENTS LIMITED PARTNERSHIP, a limited partnership, represented by its general partner, 9254064 Canada Ltd. having an office for business located at 550, Burrard Street, Suite 2578, Vancouver British Columbia V7X 1A6

(the "**Borrower**")

WHEREAS the Manager is a venture capital investment company engaged in the business of making special situation debt and equity investments in its portfolio of clients, including secondary, subordinated, mezzanine or non-traditional debt, asset-backed securities, and back-leveraged/holdco debt;

AND WHEREAS it is a condition of its investments that that the Manager take an active management role in any business in which it invests;

AND WHEREAS the Manager is indirectly investing funds in the Borrower.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the Manager entering into that particular Loan Agreement between the Manager and the Borrower dated as of March 2, 2017 (as amended and supplemented from time to time, the "**Loan Agreement**") and the payment of \$1.00 by the Borrower to the Manner, the recent and sufficiency whereof is hereby acknowledged by the Manager, the parties hereto agree as follows:

Definitions

1. Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Loan Agreement.

Engagement

2. The Borrower and the General Partner hereby engage the Manager to provide management services, including but not limited to strategic guidance, program development, logistical analysis and financial consulting (the "**Services**").

Fees

3. The Manager shall not charge the Borrower fees for providing the Services hereunder. Notwithstanding the foregoing, in the event that the Services requested by the Borrower from the Manager are determined by the Manager, acting reasonably, to consume an inordinate amount of the Manager's time and resources, the Manager and the Borrower agree to negotiate a mutually agreeable compensation arrangement.

Term

4. This Agreement will be in effect for so long as any Indebtedness remains outstanding from the Borrower to the Lender under the Loan Agreement.

Personnel

5. The Manager shall cause the performance of its services hereunder to be carried out by such directors, officers, employees or consultants of the Manager as the Manager in its sole discretion deems appropriate.

Corporate Governance

6.
 - (a) Observation Right. The Manager shall receive reasonable notice of (being not less than two Business Days' notice), and shall have the right to have an authorized representative of the Manager (a "Manager Representative") attend at, all meetings of the board of directors of the General Partner (the "WILP Board") and the board of directors of Waiward Holdings GP.
 - (b) Board Nominee Right.
 - (i) The Manager shall be entitled (but not obliged), at any time and from time to time, to nominate a Manager Representative to the WILP Board by delivering written notice thereof to the General Partner.
 - (ii) Each Manager Representative will be an individual who:
 - (A) consents in writing to act as a director of the General Partner; and
 - (B) is not disqualified from acting as a director of the General Partner under any applicable law.
 - (iii) The Manager may give written notice to the General Partner at any time and from time to time identifying the individual the Manager intends to nominate as its Manager Representative. In the event that the Manager exercises the right granted under paragraph (i) hereof, the General Partner shall, within 10 Business Days following receipt of such notice, cause the individual nominated as Manager Representative to be elected or appointed to the Board in the manner permitted by Law and by the General Partner's constating documents

- (iv) Unless and until the Manager gives notice to the General Partner as provided in paragraph 6(b)(iii) nominating a new individual to replace the incumbent Manager Representative on the WILP Board, the WILP Board will continue to include the incumbent Manager Representative among the management nominees for election to the WILP Board at each meeting of shareholders of the General Partner at which directors are to be elected. If, at any time, the Manager ceases to be entitled to nominate a Manager Representative the Manager will promptly procure the resignation of the Manager Representative from the WILP Board. Nothing herein shall require the Manager to nominate a Manager Representative to the WILP Board nor prevent the Manager Representative from resigning from the WILP Board.

Expenses

- 7. The Borrower shall reimburse the Manager for all reasonable expenses incurred in connection with providing the Services, provided that any such expenses are approved in advance in writing by the Borrower.

Non-Disclosure

- 8. That particular confidentiality agreement between the Borrower and the Manager dated May 2, 2016 shall continue to govern the parties' handling of confidential information.

General Provisions

- 9. This Agreement shall be binding upon and enures to the benefit of the parties hereto and their respective heirs, executors, successors and permitted assigns. Neither this Agreement nor any of the rights or obligations hereunder may be assigned, delegated or otherwise transferred in whole or in part to a third party, without the prior written consent of the other party. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, understanding or arrangement between them, whether oral or in writing. No variation or amendment to this Agreement shall be effective unless in writing and signed by each party hereto. No waiver of any particular requirement hereunder shall be construed as a general waiver of this Agreement. Each party will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement. If any provision of this Agreement is determined to be illegal, invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, that provision or part thereof will be severed and will not affect or impair the enforceability or validity of any other provision of this Agreement or any part thereof. This Agreement may be executed in any number of counterparts and all counterparts taken together constitute one and the same instrument and effective as of the date first above written. Delivery of an executed counterpart signature page by facsimile or an electronic reproduction of an executed counterpart signature page by electronic mail is effective execution

and delivery of this Agreement. Nothing in this Agreement will obligate the Manager to provide the Services at any particular time or in any particular location.

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

TRENCHANT CAPITAL CORP.

**WAIWARD INVESTMENTS LIMITED
PARTNERSHIP**, by its general partner,
9254064 Canada Ltd.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory