

**LOAN AGREEMENT**

**THIS LOAN AGREEMENT** dated as of March 1, 2023

**BETWEEN:**

**PLASCRED INC.**, a corporation existing under the laws of the Province of Alberta (the "**Borrower**")

- and -

**COVER TECHNOLOGIES INC.**, a corporation existing under the laws of the Province of British Columbia (the "**Lender**")

**WHEREAS** pursuant to an Amended and Restated Share Exchange Agreement dated March 1, 2023, between the Lender and the Borrower (the "**SEA**"), the Lender agreed to advance a short-term loan of \$1,000,000.00 (the "**Loan**") to the Borrower, in connection with the completion of the acquisition transaction contemplated under the SEA (the "**Acquisition Transaction**");

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

**1. INTERPRETATION**

- 1.1 **Definitions.** In this Agreement, the following terms shall have the meanings set forth below (unless something in the subject matter or context is inconsistent therewith):
- 1.1.1 "**Agreement**" means this loan agreement, as amended, supplemented, modified or restated from time to time.
  - 1.1.2 "**Business Day**" means any day that is not a Saturday or Sunday, and excluding official holidays in the Province of Alberta;
  - 1.1.3 "**Costs**" has the meaning set forth in Subsection 3.4.1.
  - 1.1.4 "**Effective Date**" means the date on which the Borrower has satisfied (or the Lender has waived) the conditions precedent set forth in Section 4.1.
  - 1.1.5 "**Interest Rate**" means ten (10%) percent per annum, calculated and compounded monthly.
  - 1.1.6 "**Loan Documents**" means this Agreement, the general security agreement and all certificates, notices and instruments and other agreements and documents delivered to the Lender in relation to this Agreement.
  - 1.1.7 "**Loan**" has the meaning given in the recital to this Agreement.
  - 1.1.8 "**Maturity Date**" means the earliest of:

- 1.1.8.1 the date which is 12 months from the date hereof;
  - 1.1.8.2 July 29, 2023, if the Acquisition Transaction proposed under the SEA does not proceed or is not completed by April 30, 2023; or
  - 1.1.8.3 the date which is 90 days after the date on which the Borrower advises the Lender that it will not be proceeding with the Acquisition Transaction.
  - 1.1.9 **“Obligations”** means all indebtedness, liabilities and obligations of the Borrower hereunder, along with any interest thereon, all amounts owing under any Loan Documents, Costs, and all other fees, costs and interest as set out herein.
  - 1.1.10 **“Outstanding Principal”** means, at any time the aggregate outstanding principal amount of the Loan.
  - 1.1.11 **“Person”** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively, an entity) and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.
  - 1.1.12 **“Security”** means the grants, assignments, transfers, mortgages, charges and security interests in all of the undertaking, property and assets of the Borrower to and in favor of the Lender to secure or evidence the Obligations from time to time or any part thereof, including any renewals, amendments or substitutions therefor.
  - 1.2 **Headings, etc.** The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto.
  - 1.3 **Severability.** If any provision of any of this Agreement or any part thereof is found or determined to be invalid, illegal or unenforceable, such provision shall be severable from this Agreement and the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part had been deleted therefrom.
  - 1.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and federal laws of Canada applicable therein.
  - 1.5 **Effective Date.** This Agreement shall become effective on the Effective Date.
- 2. LOAN AMOUNTS AND PURPOSES**
- 2.1 **Loan Amount.** Subject to the provisions hereof, the Lender shall make the Loan available to the Borrower by way of three advances as follows:
    - 2.1.1 \$500,000.00 to be advanced within five (5) Business Days of execution of the SEA; and

2.1.2 \$500,000.00 to be advanced within ten (10) Business Days of the date of the advance under Section 2.1.1.

2.2 **Use of Proceeds.** The proceeds from the Loan shall be used by the Borrower for the purpose of supporting its operations and ancillary expenses as more particularly described in Schedule "A" herein.

### 3. PAYMENTS

3.1 **Maturity Date.** Subject to the Lender's rights under Section 7.2, the Borrower shall repay to the Lender all Loan and other Obligations on or before the Maturity Date less, in the event that the Lender has not satisfied Section 7.1(i) of the SEA or has breached Section 2.1.2 hereof, all legal expenses incurred by the Borrower in connection with the Acquisition Transaction.

3.2 **Prepayments.** The Borrower shall have the right at any time and from time to time to prepay the Loan in whole or in part, without notice, bonus or penalty.

3.3 **Interest.**

3.3.1 The Borrower shall pay to the Lender interest on the Loan outstanding from time to time at the Interest Rate. Such interest shall be calculated on the Outstanding Principal and on the basis of the actual number of days each such Loan is outstanding in a year of 365 days.

3.3.2 Each determination by the Lender of the amount of interest, fees or other amounts due from the Borrower hereunder shall be prima facie evidence of the accuracy of such determination.

3.3.3 All interest, fees and other amounts payable by the Borrower hereunder shall accrue daily, be computed as described herein, and be payable both before and after demand, maturity, default and judgment.

3.3.4 To the maximum extent permitted by law, the covenant of the Borrower to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrower to the Lender.

3.3.5 In no event shall any interest, fees or other amounts payable hereunder exceed the maximum rate permitted by law. If any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced to the maximum rate recoverable under law assuming that the parties had agreed to such amount by contract.

3.3.6 For the purposes of the *Interest Act* (Canada):

3.3.6.1 the rates of interest specified in this Agreement are intended to be nominal rates and not effective rates; and

3.3.6.2 unless otherwise stated, the rates of interest specified in this Agreement are to be calculated on the basis of a calendar year of 365 days.

3.4 **Fees.**

3.4.1 The Borrower shall pay all reasonable out-of-pocket expenses, including all reasonable legal expenses, incurred by the Lender in connection with the Loan and the transactions contemplated herein, including those with respect to any enforcement of the terms hereof (collectively, the “**Costs**”). The Costs shall constitute Obligations hereunder and shall be payable on or before the Maturity Date.

4. **CONDITIONS PRECEDENT TO EFFECTIVENESS**

4.1 **Conditions Precedent to Agreement.** As conditions precedent to the advancement of the Loan, the following conditions shall be satisfied (or waived in writing by the Lender):

4.1.1 the Borrower shall deliver or cause to be delivered to the Lender the following:

4.1.1.1 an executed copy of this Agreement; and

4.1.1.2 an executed general security agreement (the “**GSA**”) charging all of the Borrower’s present and after acquired personal property.

5. **REPRESENTATIONS AND WARRANTIES**

5.1 The Borrower represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties.

5.1.1 **Status.** The Borrower is duly formed and validly existing under the laws of Alberta. The Borrower has all necessary corporate capacity, power and authority to own, lease and operate its respective properties and assets and carry on its respective business as presently carried on, and is duly licensed, registered or qualified in all jurisdictions where the character of its property owned or leased or the nature of the activities conducted by it makes such licensing, registration or qualification necessary or desirable.

5.1.2 **Authority.** The Borrower has full corporate capacity, power and authority to enter into this Agreement and to do all acts and execute and deliver all other documents as are required hereunder to be done, observed or performed by it or them in accordance with its terms.

5.1.3 **Valid Authorization.** The Borrower has taken all necessary corporate action to authorize the creation, execution and delivery of, and performance of its respective obligations under this Agreement, in accordance with the terms hereof, and this Agreement, when signed and delivered, will have been duly executed and delivered in accordance with such corporate action.

- 5.1.4 **Validity and Enforceability.** This Agreement constitutes valid and legally binding obligations of the Borrower, enforceable against it in accordance with its terms, subject only to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights, and to general principles of equity, including the fact that specific performance is an equitable remedy, available only in the discretion of the court.
- 5.1.5 **Information.** All factual information provided by or on behalf of the Borrower to the Lender for purposes of or in connection with this Agreement or any transaction contemplated herein, is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.
- 5.2 The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigations or examinations which may be made by the Lender or its counsel.

## 6. COVENANTS

- 6.1 The Borrower covenants and agrees with the Lender as follows:
- 6.1.1 **Payments.** The Borrower shall pay to the Lender, when due, all amounts owing by it to the Lender from time to time, whether specifically referred to herein or not.
- 6.1.2 **GSA.** The Borrower shall cause the GSA to be filed in the Alberta Personal Property Registry as soon as practicable following the Effective Date.
- 6.1.3 **Indemnity.** The Borrower shall indemnify and save harmless the Lender from and against any and all demands, damages, claims, costs and every other liability of any kind whatsoever which may be incurred or suffered by the Lender as a result of the taking of or realization upon the Security granted, provided that any realization is conducted in a commercially reasonable manner.
- 6.1.4 **Inspection.** At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit the Lender or any representative thereof to visit and inspect the premises and properties of the Borrower, discuss the affairs, operations, finances and accounts of the Borrower with any of the officers and directors of the Borrower and examine and make copies of and abstracts from the records and books of account of the Borrower.
- 6.1.5 **Limitation on Liens.** The Borrower shall not create, issue, incur, assume or permit to exist any liens, security interests or other charges (collectively, Liens) upon any property, assets or undertaking owned by it, other than: (i) Liens existing on the Effective Date; (ii) Liens created in favour of the Lender under the Loan Documents; and (iii) inchoate or statutory Liens.

- 6.1.6 **Limitation on Dispositions.** Other than in the ordinary course of business, the Borrower shall not sell, transfer, assign, abandon, surrender, exchange, lease, sublease, convey, encumber or otherwise dispose of, or permit the sale, transfer, assignment, abandonment, surrender, exchange, lease, sublease, conveyance, grant of encumbrance or other disposition of any of its property, assets and undertaking.
- 6.1.7 **Limitation on Reorganizations.** The Borrower shall not enter into any transaction or series of transactions (including by way of reorganization, consolidation, amalgamation, merger, liquidation or otherwise) (other than the Acquisition Transaction) which would have the effect or which would otherwise result in all or substantially all of its property, assets and undertaking becoming the property of any other person other than the Lender, or in the case of an amalgamation, of the continuing corporation resulting therefrom, without the consent of the Lender, which consent shall not be unreasonably withheld or delayed and which may not in any event be withheld or delayed in any case where the effect of such transaction is not to place the Lender in a materially worse position than it was at the time such consent is requested.
- 6.1.8 **Insurance.** The Borrower shall at all times maintain in full force and effect property insurance and commercial general liability reasonably satisfactory to the Lender, and shall furnish to the Lender, from time to time on request, an insurance certificate or other evidence thereof. The Lender shall be named as a loss payee under such policies of insurance.
- 6.1.9 **Notice of Claims.** The Borrower shall give immediate written notice to the Lender, including reasonable details, of:
- 6.1.9.1 any material claim made or threatened against it or the Security; or
- 6.1.9.2 the occurrence of an Event of Default hereunder or with respect to the Security.

## 7. EVENTS OF DEFAULT

- 7.1 **Events of Default.** Each of the following events shall constitute an “**Event of Default**”:
- 7.1.1 **Non-Payment.** If the Borrower fails to pay any amount when due and payable hereunder and such default is not remedied within 10 days after the date on which written notice thereof is given by the Lender to the Borrower specifying such breach or default and requiring the Borrower to remedy or cure the same.
- 7.1.2 **Covenants.** If the Borrower fails to observe or perform any covenant provided for in Section 6.1. If the Borrower fails to observe or perform any other covenant or obligation herein or in any other Loan Document on its part to be observed or performed (other than a covenant or obligation whose breach or default in performance is specifically dealt with elsewhere in this Section 7.1) and, if such breach or default is capable of being cured, the Borrower shall fail to cure such breach or default within a period of 10 consecutive days after the date on which

written notice thereof is given by the Lender to the Borrower specifying such breach or default and requiring the Borrower to remedy or cure the same.

- 7.1.3 **Dissolution.** If proceedings are commenced for the dissolution, liquidation or winding-up of the Borrower or if the Borrower ceases to carry on business.
  - 7.1.4 **Bankruptcy.** If the Borrower commits an act of bankruptcy or becomes bankrupt or takes the benefit of any statute that may be in force for bankrupt or insolvent debtors.
  - 7.1.5 **Loss of Property.** If there is loss, theft, damage or destruction to or of a material part of the Security which is not covered by insurance, or the making of any levy, seizure or attachment thereto or thereon.
  - 7.1.6 **Misrepresentation.** If any representation or warranty made herein or in the Loan Documents or in any document, report, statement, certificate or other instrument furnished to the Lender proves to be or have been false or to fail or have failed to deal with any material particulars, in either case so as to have made such instrument materially misleading in the opinion of the Lender, upon the date when made or deemed to have been made.
- 7.2 **Remedies.** If an Event of Default occurs, the Lender may, by notice in writing to the Borrower, cancel the availability of the Loan and/or declare all or any part of the outstanding Loan thereunder, together with all accrued and unpaid interest thereon and all other Obligations, to be immediately due and payable, whereupon:
- 7.2.1 all such amounts, less, in the event that the Lender has not satisfied Section 7.1(i) of the SEA or has breached Section 2.1.2 hereof, all legal expenses incurred by the Borrower in connection with the Acquisition Transaction, shall become immediately due and payable, without protest, presentment, demand or further notice of any kind, all of which are expressly waived by the Borrower, and the Borrower hereby unconditionally promises and agrees to immediately pay such amounts to the Lender;
  - 7.2.2 the Lender shall be entitled to set-off, without prior notice to the Borrower, any amounts owing by the Lender to the Borrower against any outstanding Obligations less, in the event that the Lender has not satisfied Section 7.1(i) of the SEA or has breached Section 2.1.2 hereof, all legal expenses incurred by the Borrower in connection with the Acquisition Transaction;
  - 7.2.3 this Agreement and the Loan Documents shall become enforceable; and
  - 7.2.4 the Lender shall be entitled to exercise all rights and remedies available to it under this Agreement, at law, in equity, by statute, or otherwise.

## 8. MISCELLANEOUS

- 8.1 **Notice.** Any notice or other communication hereunder shall be in writing and, if delivered, it shall be considered received on the day it is given to an officer of the recipient, or if by

facsimile transmission or, if any email address is provided below, by email transmission in PDF format during normal business hours on a Business Day, it shall be considered received on the same day as the transmission thereof was successfully completed to the number or email address provided as follows:

8.1.1 In the case of the Borrower:

PlasCred Inc.  
Unit #2 9815 48th Street SE  
Calgary, AB T2C 2R1

Attention: Troy Lupul  
E-mail: troy@plascred.com

In the case of the Lender:

Cover Technologies Inc.  
810 - 789 West Pender Street  
Vancouver, BC V6C 1H2

Attention: Dorian Banks  
E-mail: dorianbanks@gmail.com

- 8.2 **Assignment.** Except as specifically provided for herein, neither the Borrower or Lender may assign its rights or obligations hereunder without the prior written consent of the other.
- 8.3 **Further Assurances.** Each party hereto shall, at the request of the other (but at the expense of the Borrower), perform all such further acts and execute and deliver all such further documents as may, in the reasonable opinion of the other, be necessary or desirable in order to fully perform and carry out the purpose and intent of this Agreement.
- 8.4 **Amendments.** No amendment, modification, termination or waiver of any provision of this Agreement or of the other Loan Documents, or consent to any departure by the Borrower therefrom or any of the terms, conditions or provisions thereof, shall be effective unless the same shall be in writing and signed by the Lender and the Borrower. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given.
- 8.5 **Counterparts.** This Agreement may be executed 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. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by e-mail in portable document format ("**PDF**") shall be as effective as delivery of a manually executed counterpart of this Agreement.

*[Remainder of page intentionally left blank; signature page follows]*



**IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**PLASCRED INC.**

Per: “Troy Lupul”  
Name: Troy Lupul  
Title: President & CEO

**COVER TECHNOLOGIES INC.**

Per: “Dorian Banks”  
Name: Dorian Banks  
Title: Chief Executive Officer

**SCHEDULE "A"**

SCHEDULE "A"

# Start-Up Budget

PlasCred Inc.

Initial Six Months

	Monthly Expense			Six Month		
	Budget	Actual	Variance	Budget	Actual	Variance
Principal Consulting	\$45,000	\$0	(\$45,000)	\$270,000		(\$270,000)
Pilot Plant	\$150,000	\$0	(\$150,000)	\$150,000		(150,000)
Legal	\$5,000	\$0	(\$5,000)	\$30,000		(30,000)
Travel	\$5,000	\$0	(\$5,000)	\$30,000		(30,000)
Office Rent	\$5,000	\$0	(\$5,000)	\$30,000		(30,000)
Office Expenses/Software	\$3,000	\$0	(\$3,000)	\$18,000		(18,000)
Lab Testing	\$10,000	\$0	(\$10,000)	\$60,000		(60,000)
FEED Study	\$30,000	\$0	(\$30,000)	\$180,000		(180,000)
Gov't Relations Consultant	\$3,000	\$0	(\$3,000)	\$18,000		(18,000)
Carbon/Plastic Credit Consultant	\$3,000	\$0	(\$3,000)	\$18,000		(18,000)
<b>TOTAL</b>	<b>\$259,000</b>			<b>\$804,000</b>		