

FACILITY LETTER

Scope Carbon Corp.
200 - 550 Denman Street
Vancouver, BC V6G 3H1 Canada
Email: alantamca@gmail.com

Farm Flight, Inc.
5965 E. San Marino
Tucson, AZ 85715
United States

May 24, 2023

Dear Sirs

USD \$330,000 - Loan Facility

We are pleased to confirm that Scope Carbon Corp., as lender (the “**Lender**”) has agreed to provide Farm Flight, Inc. (the “**Borrower**”) with a loan of up to USD \$330,000 (United States dollars) (in aggregate) or such other amount as the Borrower and the Lender may agree in writing from time to time, together with such interest accrued as contemplated herein (the “**Loan**”) on the terms and conditions of this letter, and subject to such further terms of a definitive agreement (the “**Definitive Agreement**”) between the two companies, as contemplated by the letter of intent signed between the parties on April 24, 2023.

The continued availability of this Loan is subject to the following terms and conditions:

1. CONDITIONS PRECEDENT

- 1.1 This Agreement shall not become effective and the Loan may not be drawn down unless and until:
 - 1.1.1 a security agreement made by the Borrower in favour of the Lender has been executed and, as applicable, delivered by the parties thereto in a form satisfactory to the Lender (the “**Security Agreement**”); and
 - 1.1.2 the Loan and the Security Agreement have been approved by the directors of the Borrower and a copy of the minutes or resolution in writing has been provided to the Lender.
 - 1.1.3 the registration of a UCC financing statement over the Borrower’s assets and in favour of the Lender.
 - 1.1.4 The Borrower provides a certified copy of the Development Agreement (as defined below), which shall remain in effect and the Borrower in good standing of its obligations for the term of this letter.

2. **PURPOSE**

The USD \$80,000 amount previously advanced under the Loan will continue to be used by the Borrower for the purposes of funding payments due under a development agreement (the “**Development Agreement**”) with Marsman Limited., a corporation operating under the laws of the British Virgin Island in the amount of up to USD.\$250,000, as well as for general working capital purposes. The Lender is not obliged to monitor or verify how any amount advanced under this letter is used but shall have the right to do so whether personally or by third party professional advisers.

3. **DRAWDOWN**

3.1 The Loan will be available for drawing on a fortnightly basis and in accordance with the Budget (as defined in the Development Agreement)) and the agreed cash-flow schedule referred to in the Development Agreement”) (the “**Cash-flow Schedule**”) in any number of drawings (and, for the purposes of this letter, each referred to as a “**Drawdown**”).

3.2 The Borrower may request a Drawdown of the Loan by giving at least three banking day’s written notice to the Lender (or such shorter period as the Lender may allow) of its intention to do so and for the purposes of this letter “**banking day**” shall mean a day (other than a Saturday or Sunday) on which banks are normally open for business in Tucson, Arizona, and Vancouver, British Columbia and between the hours of 9 a.m. and 5 p.m.

4. **REPAYMENT**

4.1 Subject to any earlier demand being made pursuant to paragraph 8, the drawn balance of the Loan shall be repaid in full within 75 business days following written demand being made by the Lender to the Borrower and for the purposes of this letter “**business day**” shall mean a day (other than a Saturday or Sunday) on which banks are normally open for business in Tucson, Arizona and Vancouver, British Columbia. Upon such demand being made, the Lender shall cease to be obliged to make any further advance of the Loan or any part thereof.

4.2 Subject to any demand being made pursuant to paragraph 4.1 or paragraph 8, the Loan may be repaid (in whole or in part) from time to time and at any time (the amount thereof being a multiple of USD\$1,000 without premium or penalty. The Borrower may not re-borrow any amount repaid or prepaid under this letter.

4.3 The Borrower shall procure that, in the event that Farm Flight receives an additional or replacement loan from another lender the net proceeds of that other loan, shall be used to repay the Loan. Such payment shall not relieve the Borrower of any default arising as a result of any breach of covenant by the Borrower in connection with obtaining any additional or replacement loan.

4.4 If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower to the Lender under the Loan or otherwise, the Lender shall apply that payment in settlement of the obligations of the Borrower in the order determined

by the Lender in its absolute discretion. The provisions of this paragraph 4 shall override any appropriation made by the Borrower.

5. **INTEREST AND FEES**

5.1 The Borrower shall pay interest on the Loan, accruing at the Prime Rate plus 1.5% per annum, compounding annually. As used herein "**Prime Rate**" shall mean the rate of interest per annum published in the money rates section of The Wall Street Journal as the "prime rate" then in effect.

5.2 Notwithstanding any other provisions of this letter, if the amount of any interest, premium, fees or other monies or any rate of interest stipulated for, taken, reserved or extracted under the Loan would exceed the maximum amount which the Lender is legally entitled to charge and receive under any law to which such compensation is subject, then such amount or rate of interest shall be reduced to such maximum amount as would not contravene such provision; and to the extent that any excess has been charged or received, the Lender shall apply such excess against the Loan and refund any further excess amount.

6. **SECURITY**

In addition to the Security Agreement, the Lender, acting reasonably, may require the Borrower to enter into or to procure the entering into of such additional and/or replacement security of whatever nature acceptable to the Lender in such form as the Lender may specify in writing.

7. **PAYMENTS**

All payments under or pursuant to this letter shall be made, unless otherwise agreed by the Lender, by electronic bank transfer payable to the Lender at such account as the Lender may nominate in writing from time to time.

8. **EVENTS OF DEFAULT**

8.1 In the event of (whether or not such event is caused by any reason whatsoever outside the control of the Borrower or any other person):

8.1.1 any payment of any amount payable under this letter not being made on the due date (including, without limitation, failure to repay the principal in accordance with paragraph 4); or

8.1.2 there being a material breach of any provision of, or covenant on the part of the Borrower contained in this letter (including, without limitation, paragraph 9.1 and Schedule 1) which if capable of remedy is not remedied within 10 business days of receipt by the Borrower of notice of default from the Lender; or

8.1.3 the presentation of a petition, an order being made or an effective resolution being passed for the bankruptcy, liquidation or winding up of the Borrower; or

- 8.1.4 a liquidator, administrator, receiver, trustee, sequestrator or similar officer being appointed in respect of all or any of the assets of the Borrower; or
- 8.1.5 the Borrower becomes insolvent or ceases (or threatens to cease) paying its obligations as they become due; or
- 8.1.6 a distress, execution, attachment or other legal process being levied, enforced or sued out upon or against any of the assets of the Borrower and not being removed, discharged or paid within five business days; or
- 8.1.7 any representation or warranty made (or deemed to be made) by the Borrower in or pursuant to this letter or for the purpose of obtaining the Loan, is untrue or incorrect in any respect as of the date on which it is made or deemed to be made; or
- 8.1.8 any indebtedness of the Borrower (of any kind to any person) becoming immediately due and payable or capable of being declared so due and payable, prior to its stated maturity, by reason of default on the part of any person, or any of the Borrower failing to discharge any indebtedness on its due date; or
- 8.1.9 the failure of the Borrower to negotiate the Definitive Agreement in good faith, or the termination of discussions to complete a business combination agreement among the Borrower and the Lender;
- 8.1.10 any event occurs which, in the reasonable opinion of the Lender, has or is likely to have a Material Adverse Effect (defined in paragraph 8.4); or
- 8.1.11 in the opinion of the Lender, control of a majority the Borrower's voting share capital changes as a result of a take-over or merger of, or transfer of shares in, or issue or sales of shares by the Borrower,

(together known as "**Events of Default**" and each an "**Event of Default**"),

then in any such case and at any time thereafter, the Lender may by written notice to the Borrower declare the Loan and any other sums payable by the Borrower under this letter to be immediately due and payable and/or terminate the obligations (or such one or more of them as may be specified in such notice) of the Lender under this letter, whereupon such sums shall become due and payable and/or such obligations shall be terminated.

- 8.2 The Borrower shall indemnify the Lender on demand against any loss, liability or expense which the Lender may reasonably sustain or incur as a consequence of making such demand or as a consequence of non-performance by the Borrower of any obligation under this letter.
- 8.3 No delay or omission on the part of the Lender in exercising any right or power under the terms of the Loan in accordance with this paragraph 8 shall impair such right or power, and any single or partial exercise thereof shall not preclude any other or further exercise thereof

or the exercise of any other right or power. The rights and remedies of the Lender in respect of the Loan are cumulative and not exclusive of any right or remedy provided by law.

8.4 **“Material Adverse Effect”**: means any event or circumstance which, in the opinion of the Lender:

8.4.1 is likely to materially and adversely affect the ability of the Borrower to perform or otherwise comply with all or any of its obligations under this letter;

8.4.2 is likely to materially and adversely affect the business, operations, property or condition (financial or otherwise) of the Borrower; or

8.4.3 is likely to result in this letter or the Security Agreement not being legal, valid and binding on, and enforceable in accordance with its terms against, the Borrower.

9. REPRESENTATIONS AND WARRANTIES

9.1 The Borrower represents and warrants to the Lender on the date of this letter:

9.1.1 it has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, this letter, the Security Agreement and any other document designated as such by the Lender and the Borrower (the **“Finance Documents”**) and the transactions contemplated by them;

9.1.2 the entry into and performance by it of, and the transactions contemplated by, the Finance Documents, do not and will not contravene or conflict with:

(a) its constitutional documents;

(b) any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument;

(c) any law or regulation or judicial or official order, applicable to it;

9.1.3 its obligations under the Finance Documents are legal, valid, binding and enforceable in accordance with their terms;

9.1.4 no Event of Default has occurred or is continuing, or is reasonably likely to result from making the Loan or the entry into, the performance of, or any transaction contemplated by the Finance Documents;

9.1.5 no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination thereof, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on the Borrower or to which any of its assets is subject which has or is reasonably likely

to have a material adverse effect on its business, assets or condition or ability to perform its obligations under the Finance Documents; or

9.2 Each of the representations and warranties in paragraph 9.1 is deemed to be repeated by the Borrower on:

9.2.1 the date that the Loan is actually drawn down; and

9.2.2 each date immediately succeeding the date on which interest is paid under this letter in accordance with paragraph 5,

by reference to the facts and circumstances existing on each such date.

10. COVENANTS

10.1 The Borrower covenants with the Lender as set out in Schedule 1 and undertakes to comply with those covenants.

10.2 The covenants given by the Borrower shall remain in force from the date of this letter for so long as any amount remains outstanding under this letter.

11. COSTS

11.1 The Borrower shall on a full indemnity basis pay to the Lender on demand the amount of all costs and expenses (including legal and out-of-pocket expenses and any valued added tax on those costs and expenses) which the Lender incurs, which shall not exceed USD \$30,000, in connection with:

11.1.1 the preparation, negotiation, execution and delivery of this letter and the other Finance Documents;

11.1.2 any actual or proposed amendment, variation, supplement, waiver or consent under or in connection with this letter or the other Finance Documents;

11.1.3 the preservation or exercise and enforcement, of any rights under or in connection with, this letter or the other Finance Documents or any attempt so to do; and

11.1.4 the monitoring of the provisions of this letter or the Security Agreement or a document referred to in any of them.

11.2 Unless separately paid, the costs and expenses referred to in paragraph 11.1 shall be added to the balance of the Loan.

12. JUDGMENT CURRENCY

12.1 If, for purposes of obtaining or enforcing a judgment in any court, it is necessary to convert into a particular currency (the "**Judgment Currency**") an amount due under this letter in any other currency (the "**Original Currency**"), then conversion shall be made at the rate of exchange prevailing on the business day before the day on which final judgment is given

(the “**Conversion Date**”). For purposes of this paragraph 12.1, “rate of exchange” means the rate at which the party to whom the judgment is granted (the “**Judgment Creditor**”) is able, on the Conversion Date, to purchase the Original Currency with the Judgment Currency in accordance with normal banking procedures in Vancouver, British Columbia.

12.2 The obligations of the judgment debtor (the “**Judgment Debtor**”) in respect of any amount due in the Original Currency from it to the Judgment Creditor under this letter will, notwithstanding any judgment in the Judgement Currency, be discharged only to the extent that on the business day following receipt by the Judgment Creditor of any sum adjudged to be so due in the Judgment Currency, the Judgment Creditor may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the amount originally due to the Judgment Creditor in the Original Currency, the Judgment Debtor agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Judgment Creditor against any loss arising as a result of such deficiency. In addition, the amount of the Original Currency so purchased exceeds the amount originally due to the Judgment Creditor in the Original Currency, the Judgment Creditor shall remit such excess to the Judgment Debtor. The indemnity in favour of the Judgment Creditor constitutes an obligation separate and independent from the other obligations contained in this letter, gives rise to a separate and independent cause of action, applies irrespective of any indulgence granted by the Judgment Creditor from time to time and continues in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this letter or under any judgment or order.

13. **NO THIRD PARTY RIGHTS**

Any person who is not a party to this letter has no right to enforce or to enjoy the benefit of any term of this letter other than any person to whom the Lender has assigned its rights under this letter.

14. **COUNTERPARTS**

This letter may be executed in any number of counterparts (but shall not be effective until each party has executed at least one counterpart), each of which, when executed and delivered, shall be an original and which together shall have the same effect as if each party had executed and delivered the same document.

15. **SEVERANCE**

15.1 If any provision of this letter (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.

15.2 If any invalid, unenforceable or illegal provision would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties.

16. **NOTICE**

16.1 Any notice or other communication required to be given under this letter shall be in writing and shall be delivered personally, by e-mail or by commercial courier, to each party required to receive the notice or communication at its address as set out below:

16.1.1 the Borrower:

Farm Flight, Inc.
5965 E. San Marino
Tucson, AZ 85715
United States
Attention: Samuel Baker
Email: sam.baker@farmflight.us
With a copy to:

16.1.2 the Lender the address set out at the head of this letter, with a copy to:

Norton Rose Fulbright Canada LLP
510 West Georgia Street, Suite 1800,
Vancouver, BC V6B 0M3 Canada
Attention: Thomas Moggan
Email: thomas.moggan@nortonrosefulbright.com

or at such other address as the relevant party may specify by notice in writing to the other parties.

16.2 Any notice or other communication shall be deemed to have been duly given:

16.2.1 if delivered personally, when left at the address referred to in paragraph 16.1; or

16.2.2 if delivered by commercial courier, on the date of signature of the courier's receipt.

17. **WAIVER**

No failure or delay by a party to exercise any right or remedy provided under this letter or by law shall constitute a waiver of that (or any other) right or remedy, nor preclude or restrict its further exercise. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that (or any other) right or remedy.

18. **ASSIGNMENT**

18.1 The Borrower may not assign, transfer, mortgage, charge or deal in any other manner with this letter or any of its rights and obligations under this letter (or any document referred to in it), or purport to do any of the same.

18.2 The Lender may at any time, assign (absolutely or by way of security and in whole or in part), transfer, mortgage, charge or deal in any other manner with the benefit of any or all of any other party's obligations or any benefit arising under this letter.

19. **CONFIDENTIALITY**

19.1 Each party undertakes that it shall not disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other party belongs, except as permitted by paragraph 19.2.

19.2 Each party may disclose the other party's confidential information:

19.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the party's obligations under this letter. Each party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other party's confidential information comply with this paragraph 19; and

19.2.2 as may be required by law, court order or any governmental or regulatory authority (including in response to a request or demand of any court or regulator), to advance or defend a claim in connection with this letter or the Security Agreement or in connection with any filing with a securities regulator or stock exchange.

19.3 No party shall use any other party's confidential information for any purpose other than to perform its obligations under this letter.

20. **GOVERNING LAW AND JURISDICTION**

20.1 This letter and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.


20.2 The parties irrevocably agree that the courts of British Columbia shall have non-exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this letter or its subject matter.

21. **ACCEPTANCE**

The Borrower's acceptance of this offer will be signified by the Borrower executing a duplicate of this letter duly signed on the Borrower's behalf by a director or officer of the Borrower as evidence of acceptance of the terms and conditions stated herein.

Yours faithfully,

SCOPE CARBON CORP.

DocuSigned by:

By: _____
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Name: Alan Tam

Title: Chief Financial Officer

We hereby accept and agree to the terms and conditions of the above letter.

FARM FLIGHT, INC.

By: _____


Name: Samuel Baker

Title: Chief Executive Officer

Dated effective May 24, 2023

SCHEDULE 1 COVENANTS

1. FINANCIAL STATEMENTS AND INFORMATION

1.1 The Borrower shall supply to the Lender copies of the following:

1.1.1 a copy of wire to or invoice from Marsman Limited for payments under the Development Agreement; and

1.1.2 to the extent provided to the Borrower, copies of the following:

- (a) monthly accounting reports prepared by or on behalf of Farm Flight;
- (b) monthly cash utilisation reports (including an analysis of all variances from the Cash-flow Schedule) prepared by or on behalf of Farm Flight; and
- (c) monthly report detailing any forecast variations from the Budget (as defined in the Development Agreement) prepared by or on behalf of Farm Flight.

2. NEGATIVE PLEDGE

2.1 The Borrower shall:

2.1.1 with the exception of its own general working capital requirements, not make any payment utilising funds provided under this Loan to any party other than Marsman Limited and then only to the extent necessary and required by the terms of the Development Agreement with Marsman Limited;

2.1.2 not breach any of the terms of the Security Agreement;

2.1.3 not sell, transfer or otherwise dispose of any of its assets on terms whereby such asset is or may be leased to or re-acquired or acquired by it;

2.1.4 not sell, transfer or otherwise dispose of any of its receivables on recourse terms;

2.1.5 not enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts;

2.1.6 not make payments to any person other than bona fide trade creditors, suppliers and employees of the Borrower without the Lender's prior written consent;

2.1.7 not enter into any material transaction with any person otherwise than on arm's length terms; nor

2.1.8 enter into any other preferential arrangement having a similar effect.

3. DISPOSALS

The Borrower shall not sell, assign, lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its assets other than:

3.1.1 inventory in the ordinary course of business; and

3.1.2 assets exchanged for other assets comparable or superior as to type, value and quality.

4. NOTIFICATION OF DEFAULT

The Borrower shall notify the Lender of any Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

5. FURTHER INFORMATION

The Borrower shall supply to the Lender:

5.1 details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any of the Borrower or any of its directors as soon as it becomes aware of them; and

5.2 promptly, any further information about the financial condition, business and operations of the Borrower that the Lender may reasonably request (including the provision of such forecasts and valuations as the Lender may require (at the Borrower' cost), together with monthly management accounts in such form as the Lender may require and all statutory accounts.

6. AUTHORISATIONS

The Borrower shall obtain all consents and authorisations necessary under any law or regulation (and do all that is needed to maintain them in full force and effect) to enable it to perform its obligations under this letter.

7. GUARANTEES

The Borrower shall not and shall ensure that no other Borrower shall grant, agree to grant or permit to subsist any guarantee or indemnity in respect of the obligations of any other person other than those given under this letter.

8. CHANGE IN BUSINESS

The Borrower shall not make any substantial change in the general nature or scope of its business as carried on at the date of this letter, other than in respect of the proposed business combination envisaged by the combination of the Borrower and the Lender.

