

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

B E T W E E N:

**FCMI PARENT CO.**

Applicant

- and -

**GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS  
CORPORATION, GEDEX EXPLORATION INC., and GEDEX EARTH INC.**

Respondents

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C 1985, c. C-36**

**APPLICATION RECORD  
(Volume 1 of 2)**

August 9, 2019

**DENTONS CANADA LLP**

77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, ON M5K 0A1

**Kenneth Kraft** (LSO # 31919P)

Tel: (416) 863-4374

Fax: (416) 863-4592

[kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

**Mark Freake** (LSO#63656H)

Tel: 416 863-4456

[mark.freake@dentons.com](mailto:mark.freake@dentons.com)

*Lawyers for the Applicant, FCMI Parent Co.*

**TO: The Service List**

## SERVICE LIST

TO:	<p><b>DENTONS CANADA LLP</b>  77 King Street West, Suite 400  Toronto-Dominion Centre  Toronto, ON M5K 0A1</p> <p><b>Kenneth Kraft</b> (LSO# 31919P)  Tel: 416 863-4374  Fax: 416 863-4592  <a href="mailto:kenneth.kraft@dentons.com">kenneth.kraft@dentons.com</a></p> <p><b>Mark Freake</b> (LSO#63656H)  Tel: 416 863-4456  <a href="mailto:mark.freake@dentons.com">mark.freake@dentons.com</a></p> <p><i>Lawyers for the Applicant, FCMI Parent Co.</i></p>
AND TO:	<p><b>GEDEX SYSTEMS INC.</b>  407 Matheson Blvd. East  Mississauga, ON, L4Z 2H2</p> <p><i>Respondent</i></p>
AND TO:	<p><b>GEDEX AVIATION INC.</b>  407 Matheson Blvd. East  Mississauga, ON, L4Z 2H2</p> <p><i>Respondent</i></p>
AND TO:	<p><b>BLACK BAY MINERALS CORPORATION</b>  407 Matheson Blvd. East  Mississauga, ON, L4Z 2H2</p> <p><i>Respondent</i></p>
AND TO:	<p><b>GEDEX EXPLORATION INC.</b>  407 Matheson Blvd. East  Mississauga, ON, L4Z 2H2</p> <p><i>Respondent</i></p>
AND TO:	<p><b>GEDEX EARTH INC.</b>  407 Matheson Blvd. East  Mississauga, ON, L4Z 2H2</p> <p><i>Respondent</i></p>

AND TO:	<b>ZEIFMAN PARTNERS INC.</b> 201 Bridgeland Avenue Toronto, ON M6A 1Y7  <b>Allan Rutman</b> Tel: 416-256-4005 aar@zeifmans.ca  <i>Proposed Monitor of the Respondents</i>
AND TO:	<b>MILLER THOMSON LLP</b> Scotia Plaza 40 King Street West, Suite 5800 Toronto, ON Canada M5H 3S1  <b>Kyla Mahar (LSO#: 44182G)</b> kmahar@millerthomson.com Tel: 416.597.4303/Fax: 416.595.8695  <b>Asim Iqbal (LSO# 61884B)</b> aiqbal@millerthomson.com Tel: 416.597.6008/Fax: 416.595.8695  <i>Lawyers for Zeifman Partners Inc., Proposed Monitor of the Respondents</i>
AND TO:	<b>DLA PIPER (Canada) LLP</b> 6000-1 First Canadian Place 100 King St W PO Box 367 Toronto ON M5X 1E2  <b>Edmond Lamek (LSO#33338U)</b> edmond.lamek@dlapiper.com Tel: 416 365 3444 / Fax: 416 369 7944  <i>Lawyers for the Respondents</i>

## EMAIL LIST

kenneth.kraft@dentons.com; mark.freake@dentons.com; aar@zeifmans.ca;  
kmahar@millerthomson.com; aiqbal@millerthomson.com; edmond.lamek@dlapiper.com;

# **TABLE OF CONTENTS**

# INDEX

Tab	Document	Page
<b>VOLUME 1</b>		
<b>A</b>	Notice of Application issued August 9, 2019	1-11
<b>B</b>	Affidavit of Yakov Z. Friedman (affirmed August 9, 2019)	12-23
<b>1</b>	Exhibit "1": Corporate Structure	24-25
<b>2</b>	Exhibit "2": Articles of Gedex Systems Inc. effective as of October 21, 2015	26-87
<b>3</b>	Exhibit "3": Consolidated Financial Statements of Gedex Systems Inc. for year ending December 31, 2018	88-120
<b>4</b>	Exhibit "4": Amended and Restated Loan and Security Agreement dated December 14, 2015	121-200
<b>5</b>	Exhibit "5": First Amending Agreement dated November 28, 2011	201-206
<b>6</b>	Exhibit "6": Second Amending Agreement dated January 25, 2017	207-213
<b>7</b>	Exhibit "7": Third Amending Agreement dated March 24, 2017	214-219
<b>8</b>	Exhibit "8": Fourth Amending Agreement dated May 25, 2017	220-226
<b>9</b>	Exhibit "9": Fifth Amending Agreement dated December 31, 2017	227-258
<b>10</b>	Exhibit "10": Sixth Amending Agreement dated May 24, 2018	259-278
<b>11</b>	Exhibit "11": Seventh Amending Agreement dated July 31, 2018	279-285
<b>12</b>	Exhibit "12": Eighth Amending Agreement dated September 30, 2018	286-292
<b>13</b>	Exhibit "13": Ninth Amending Agreement dated November 30, 2018	293-299
<b>14</b>	Exhibit "14": Tenth Amending Agreement dated February 15, 2019	300-306
<b>VOLUME 2</b>		
<b>15</b>	Exhibit "15": Guarantee of Gedex Aviation Inc. dated November 14, 2013	307-321
<b>16</b>	Exhibit "16": General Security Agreement from Gedex Aviation Inc. dated November 14, 2013	322-348
<b>17</b>	Exhibit "17": Guarantee of Black Bay Minerals Corp. dated November 14, 2013	349-364

<b>18</b>	Exhibit "18": General Security Agreement from Black Bay Minerals Corp. dated November 14, 2013	365-392
<b>19</b>	Exhibit "19": Guarantee of Gedex Earth Inc.	393-407
<b>20</b>	Exhibit "20": General Security Agreement from Gedex Earth Inc.	408-434
<b>21</b>	Exhibit "21": Guarantee of Gedex Exploration Inc.	435-449
<b>22</b>	Exhibit "22": General Security Agreement from Gedex Exploration	450-476
<b>23</b>	Exhibit "23": PPSA Printout for Gedex Systems Inc.	477-499
<b>24</b>	Exhibit "24": PPSA Printout for Gedex Aviation Inc.	500-504
<b>25</b>	Exhibit "25": PPSA Printout for Black Bay Minerals Corp.	505-509
<b>26</b>	Exhibit "26": PPSA Printout for Gedex Earth Inc.	510-513
<b>27</b>	Exhibit "27": PPSA Printout for Gedex Exploration Inc.	514-517
<b>28</b>	Exhibit "28": Lease Default Notice dated August 2, 2019	518-522
<b>29</b>	Exhibit "29": Demand Letter and Notice of Intention to Enforce Security dated August 6, 2019	523-531
<b>30</b>	Exhibit "30": Cash Flow Statement	532-534
<b>C</b>	Consent to Act by Proposed Receiver	535-536
<b>D</b>	Draft Initial Order	537-553
<b>E</b>	Blackline of Draft Initial Order to Model Order	554-574
<b>F</b>	Draft SISP Order	575-590

**TAB A**



CV-19-625224-00CL  
Court File No.

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

BETWEEN:

**FCMI PARENT CO.**

Applicant

- and -

**GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS  
CORPORATION, GEDEX EXPLORATION INC., and GEDEX EARTH INC.**

Respondents

**APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C 1985, c. C-36**

**NOTICE OF APPLICATION**

**TO THE RESPONDENTS:**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicant. The claim made by the Applicant appears on the following pages.

**THIS APPLICATION** will come on for a hearing on **August 12, 2019 at 9:30 a.m.** or as soon after that time as may be available at 330 University Avenue, Toronto, Ontario.


**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL**

AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

August 9, 2019

Issued By: 

C. Irwin

Local Registrar Registrar

330 University Avenue, 9th floor

Toronto, ON M5G 1R7

TO: THE SERVICE LIST

## SERVICE LIST

TO:	<b>DENTONS CANADA LLP</b> 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1  <b>Kenneth Kraft</b> (LSO# 31919P) Tel: 416 863-4374 Fax: 416 863-4592 <a href="mailto:kenneth.kraft@dentons.com">kenneth.kraft@dentons.com</a>  <b>Mark Freake</b> (LSO#63656H) Tel: 416 863-4456 <a href="mailto:mark.freake@dentons.com">mark.freake@dentons.com</a>  <i>Lawyers for the Applicant, FCMI Parent Co.</i>
AND TO:	<b>GEDEX SYSTEMS INC.</b> 407 Matheson Blvd. East Mississauga, ON, L4Z 2H2  <i>Respondent</i>
AND TO:	<b>GEDEX AVIATION INC.</b> 407 Matheson Blvd. East Mississauga, ON, L4Z 2H2  <i>Respondent</i>
AND TO:	<b>BLACK BAY MINERALS CORPORATION</b> 407 Matheson Blvd. East Mississauga, ON, L4Z 2H2  <i>Respondent</i>
AND TO:	<b>GEDEX EXPLORATION INC.</b> 407 Matheson Blvd. East Mississauga, ON, L4Z 2H2  <i>Respondent</i>
AND TO:	<b>GEDEX EARTH INC.</b> 407 Matheson Blvd. East Mississauga, ON, L4Z 2H2  <i>Respondent</i>

AND TO:	<p><b>ZEIFMAN PARTNERS INC.</b> 201 Bridgeland Avenue Toronto, ON M6A 1Y7</p> <p><b>Allan Rutman</b> Tel: 416-256-4005 aar@zeifmans.ca</p> <p><i>Proposed Monitor of the Respondents</i></p>
AND TO:	<p><b>MILLER THOMSON LLP</b> Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p><u>kmahar@millerthomson.com</u></p> <p><i>Lawyers for the Proposed Monitor</i></p>

**EMAIL LIST**

kenneth.kraft@dentons.com; mark.freake@dentons.com; aar@zeifmans.ca;  
kmahar@millerthomson.com;

**APPLICATION**

1. FCMI Parent Co. (the “**Applicant**”) makes this application (the “**Application**”) for:
  - (a) an order, substantially in the form attached hereto at **TAB 3** of the Application Record (the “**Draft Initial Order**”), for, among other things, the following relief:
    - (i) abridging the time for service of the Notice of Application and the materials filed in support of the Application and dispensing with further service thereof;
    - (ii) declaring that Gedex Systems Inc., Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc. and Gedex Earth Inc. (collectively, the “**Respondents**”), are companies to which the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) applies;
    - (iii) staying all proceedings and remedies taken or that might be taken in respect of the Respondents or any of their property, except as otherwise set forth in the Draft Initial Order;
    - (iv) authorizing and empowering the Respondents to obtain and borrow under a debtor-in-possession credit facility (the “**DIP Facility**”);
    - (v) providing an Administration Charge and DIP Lender’s Charge, (each defined in the Draft Initial Order);
    - (vi) appointing Zeifman Partners Inc. (“**Zeifman**”) as monitor in these proceedings (in such capacity, the “**Monitor**”); and
    - (vii) granting such further and other relief as to this Honourable Court may deem just;
  - (b) an order, substantially in the form attached hereto at **TAB 5** of the Application Record, for, among other things, the following relief:

- (i) approving a sale and investor solicitation process in respect of the property, assets and undertakings of the Respondents (the “SISP”); and
  - (ii) appointing Robert (Bob) Benia (“**Benia**” or the “**SISP Advisor**”) to lead the SISP; and
  - (c) such further and other relief as counsel may advise and this Honourable Court may permit;
2. The grounds for the Application are:

**GENERAL**

- (a) each of the Respondents is a company to which the CCAA applies and operates out of premises in Mississauga, Ontario;
- (b) the Applicant is a Nova Scotia company and is a secured creditor of the Respondents, both for funds it directly advanced to the Respondents and as agent for certain other lenders;
- (c) the Respondents are insolvent, with total claims against them in excess of \$5,000,000;
- (d) the Respondents are primarily engaged in the development of technologies for use in airborne and ground based resource discovery systems (the “**Technologies**”);
- (e) the Respondents have experienced significant financial and operational challenges in bringing the Technologies to market and have recently laid off all their remaining employees;
- (f) as at December 31, 2018, the Respondents had incurred a loss of over US\$5.2 million, an operating deficit in excess of US\$91.8 million, and a working capital deficiency of over US\$9.5 million;
- (g) at present, the Respondents owe the Applicant in excess of US\$10 million (the “**Secured Debt**”);

- (h) on August 2, 2019, the Respondents' landlord, Matheson Woods Limited Partnership (the "**Landlord**"), issued a notice of default for non-payment of rent (the "**Lease Default Notice**"), which gives the Respondents until noon on Monday, August 12, 2019 to cure the default, failing which the Landlord will take steps to exercise the remedies available to it;
- (i) on August 6, 2019, the Applicant made demand on the Respondents for repayment of the Secured Debt and delivered Notices of Intention to Enforce Security to the Respondents pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada);
- (j) a stay of proceedings is necessary to maintain the status quo, to prevent the Landlord from taking steps to terminate the lease and to give the SISP Advisor time to conduct the SISP;
- (k) Zeifman has consented to act as the Monitor;

#### THE SISP

- (l) a court-supervised SISP is the best opportunity to identify a sales transaction that will create value for all of the Respondents' stakeholders;
- (m) the Applicant understands that the Technologies may have significant value and could be of interest to a number of parties;
- (n) the Respondents also have over US\$37 million in tax loss carry forwards that expire between 2026 and 2038;
- (o) a CCAA proceeding may preserve the tax losses, preserve the Respondents contractual arrangements and licences, and may encourage an offer that would generate a recovery for creditors beyond the Secured Debt;
- (p) Benia has consented to act as the Sales Advisor;



- (q) it is necessary and in the best interests of the Respondents and their stakeholders that the Respondents be afforded CCAA protection;

#### **DIP FACILITY**

- (r) subject to certain conditions, the Applicant has agreed to provide the Respondents with the DIP Facility in the amount of \$550,000;
- (s) the DIP Facility and the DIP Lender's Charge are each necessary to ensure the Respondents have adequate funding to maintain their current reduced operations, protect their assets, including the Technologies, and fund the within CCAA proceedings and SISF;

#### **OTHER GROUNDS**

- (t) Rules 2.03, 3.02, 14.05(2) and 16 of the *Rules of Civil Procedure* (Ontario) and section 106 of the *Courts of Justice Act* (Ontario);
  - (u) the provisions of the CCAA, and the inherent jurisdiction of this Honourable Court; and
  - (v) such other grounds as counsel may advise and this Honourable Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) The Affidavit of Yakov Z. Friedman, affirmed August 9, 2019, and the exhibits attached thereto;
  - (b) The consent of Zeifman to act as Monitor;
  - (c) The Pre-Filing Report of the Monitor; and
  - (d) Such further and other material as counsel may advise and this Honourable court may permit.

August 9, 2019

**DENTONS CANADA LLP**  
77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, ON M5K 0A1

**Kenneth Kraft** (LSO# 31919P)  
Tel: 416 863-4374  
Fax: 416 863-4592  
[kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

**Mark Freake** (LSO#63656H)  
Tel: 416 863-4456  
[mark.freake@dentons.com](mailto:mark.freake@dentons.com)

*Lawyers for the Applicant, FCMI Parent Co.*

CV-19-625224-00CL

Court File No:

FCMI PARENT CO.

- and - GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY  
MINERALS CORPORATION, GEDEX EXPLORATION INC., and  
GEDEX EARTH INC..

Applicant

Respondents

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

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF APPLICATION**

**DENTONS CANADA LLP**  
77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, ON M5K 0A1

**Kenneth Kraft** (LSO# 31919P)  
Tel: 416 863-4374  
Fax: 416 863-4592  
[kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

**Mark Freake** (LSO#63656H)  
Tel: 416 863-4456  
[mark.freake@dentons.com](mailto:mark.freake@dentons.com)

*Lawyers for the Applicant, FCMI Parent Co.*

**TAB B**

Court File No. CV-19-625224-00CL

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

**BETWEEN**

**FCMI PARENT CO.**

Applicant

- and -

**GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS  
CORPORATION, GEDEX EXPLORATION INC., and GEDEX EARTH INC.**

Respondents

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C 1985, c. C-36**

**AFFIDAVIT OF YAKOV Z. FRIEDMAN  
(Affirmed August 9, 2019)**

I, Yakov Z. Friedman, of the City of Toronto , in the Province of Ontario, **SOLEMNLY AFFIRM AND SAY AS FOLLOWS:**

1. I am an employee of FCMI Parent Co. ("FCMI"), the Applicant herein. FCMI is a company incorporated pursuant to the laws of Nova Scotia. As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

2. I affirm this affidavit in support of FCMI's application for an order granting protection to the Respondents under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended ("CCAA"), appointing Zeifman Partners Inc. ("Zeifman") as monitor over all of the

assets, undertakings and properties (the “**Property**”) of each of the Respondents and approving a sales and investment process (“**SISP**”).

3. As will be explained in further detail, the Respondents owe the Applicant in excess of US\$10 million in secured debt. FCMI has a first ranking security interest in the Property, other than an aircraft and a Ford motor vehicle that one Respondent owns. The maturity date for the debt passed several months ago. The Respondents are insolvent and are no longer operating their business.

4. The main intent of this application is to allow a SISP to be conducted in a court supervised framework to see if there can be a transaction that will create value for stakeholders. There are significant tax losses available to the Respondents, and they have developed proprietary technology that may have value, such that someone may be willing to make an offer that is both acceptable to FCMI and potentially generate some recovery for the Respondents’ unsecured creditors. Existing contractual arrangements, including technology licenses, will be preserved during the stay period so that prospective purchasers can determine their value, if any and allow a statutory framework for those contracts to be assigned if necessary.

## **THE RESPONDENTS**

5. The Respondents are primarily engaged in the development of technologies for use in airborne and ground based resource discovery systems. Attached as Exhibit “1” is a corporate organization chart that, to the best of my knowledge, is current.

6. The Respondents’ operated out of premises located at 403-407 Matheson Boulevard East, Mississauga, Ontario (“**Premises**”).

7. Gedex Systems Inc. ("**Gedex**") is the parent company. Although originally incorporated in Ontario as Gedex Inc., on October 21, 2015, Gedex filed a corporate continuance to change from an Ontario corporation to a British Columbia corporation and, at the same time, adopted the present name. A copy of the Articles of Incorporation of Gedex is attached as Exhibit "2".
8. On January 1, 2018, Gedex amalgamated with its subsidiary, Gedex Technologies Inc. ("**Technologies**"). The amalgamated company continued as Gedex.
9. Gedex was developing a high definition airborne gravity gradiometer (HD-AGG<sup>®</sup>) system. The aim was to discover and develop underground resources and to assist the mineral and oil and gas industries better manage their holdings. Gedex was responsible for all corporate support services including finance, human resources, corporate development, research and development, technology development, and data processing.
10. The system in part relies on technology that Gedex operates under an exclusive license from the University of Maryland. Preserving this license is critical to value being generated in the SISP.
11. Gedex Exploration Inc. ("**Exploration**") is an Ontario corporation incorporated on December 15, 2017. Exploration was responsible for all global surveying operations and is also responsible for contractual relationships of the Respondents' with aircraft operating companies. Exploration is a wholly-owned subsidiary of Gedex.
12. Gedex Earth Inc. ("**Earth**") is an Ontario corporation originally incorporated on May 22, 2014, as Gedex GP Inc. Effective January 1, 2018, this company changed its name to its current

name. Earth is responsible for marketing, sales and client management services, including negotiating and signing client contracts. Earth is a wholly-owned subsidiary of Gedex.

13. Gedex Aviation Inc. ("**Aviation**") is an Alberta corporation originally registered on July 23, 2012. Aviation was intended to be a future aircraft operating company for the Gedex group. At present, I understand that it is not operating. Aviation is a wholly owned subsidiary of Gedex.

14. Black Bay Minerals Corp. ("**Black Bay**") is an Ontario corporation originally incorporated federally on February 3, 2010, as 7325098 Canada Inc. Black Bay changed to its present name and continued in Ontario on September 22, 2011. I understand from information that Mr. David Diwik, CEO of Gedex provided, that Black Bay was primarily focused on exploring opportunities related to the Ring of Fire in northwestern Ontario. At present, I understand that Black Bay is not currently operating. Gedex owns 81% of Black Bay (Mr. Diwik advises that about 20 shareholders own the balance of Black Bay's equity).

15. The Respondents have been in considerable financial difficulties and have recently laid off all their remaining employees. As at December 31, 2018, the Respondents had incurred a loss of over US\$5.2 million, an operating deficit in excess of US\$91.8 million, and a working capital deficiency of over US\$9.5 million. A copy of the consolidated audited financial statements for the year ending December 31, 2018, prepared by KPMG LLP, and dated May 1, 2019 ("**Audited Financial Statements**"), are attached as Exhibit "3".

16. On any basis the Respondents are insolvent. They owe over US\$10 million to FCMI alone as explained in the next section of this affidavit.



17. FCMI is also the principal shareholder of Gedex owning around 60% of the capital.

## THE LOANS

18. FCMI, acting both as lender and as agent for the other lenders, first advanced funds to Gedex in 2013. The original principal amount of the loan was US \$5 million and was repayable at any time and was interest free. A first charge on all the assets of Gedex, other than the aircraft as explained below, secured the loan. FCMI was lead lender and agent for the other lenders.

19. The arrangements were amended and restated pursuant to an amended and restated loan agreement ("**Loan and Security Agreement**"), dated December 14, 2015, between Gedex, Technologies, Aviation, and Black Bay (collectively, the "**Original Debtor Parties**") whereby the loan was increased to US \$9 million. A copy of the Loan and Security Agreement is attached as Exhibit "4".

20. There were ten amending agreements entered into subsequent to the date of the Loan Agreement, on November 28, 2016, January 25, 2017, March 24, 2017, May 25, 2017, December 31, 2017, May 25, 2018, July 31, 2018, September 30, 2018, November 30, 2018, and February 15, 2019 (the last one being the "**Tenth Amending Agreement**"). The amending agreements, beginning with the sixth amending agreement, principally dealt with granting extensions of the maturity date for the amounts advanced. Copies of the amending agreements are attached as Exhibits "5", "6", "7", "8", "9", "10", "11", "12", "13", and "14", respectively.

21. The Tenth Amending Agreement, between FCMI, the Original Debtor Parties (including amalgamated Technology and Systems), along with Exploration and Earth (which together with the Original Debtor Parties are, collectively, the "**Debtor Parties**") extended the maturity date of

the loans to a date no later than April 1, 2019. This was the final extension. The amount outstanding as of that date, the full amount of which remains outstanding today, is US\$10,280,464.02 ("**Secured Debt**").

22. Of the Secured Debt, FCMI has advanced 89.53% directly, and acts as agent for the balance of lenders that are owed the remaining 10.47% of the Secured Debt (the remaining lenders are mostly individuals who either were connected to Gedex or to FCMI). Under the Loan and Security Agreement, FCMI, as a lender, alone has the requisite authority to direct FCMI, as agent, to take steps necessary after default to protect the lenders collectively.

23. In support of the Secured Debt, each of the other Respondents provided FCMI with guarantees and general security agreements.

24. Aviation provided a guarantee ("**Aviation Guarantee**") and general security agreement ("**Aviation GSA**"), both dated November 14, 2013. Copies of the Aviation Guarantee and the Aviation GSA are attached as Exhibits "15", and "16", respectively.

25. Black Bay provided a guarantee ("**Black Bay Guarantee**") and general security agreement ("**Black Bay GSA**"), both dated November 14, 2013. Copies of the Black Bay Guarantee and the Black Bay GSA are attached as Exhibits "17", and "18", respectively.

26. Earth provided a guarantee ("**Earth Guarantee**") and general security agreement ("**Earth GSA**"), both dated December 31, 2017. Copies of the Earth Guarantee and the Earth GSA are attached as Exhibits "19", and "20", respectively.

27. Exploration provided a guarantee (“**Exploration Guarantee**”) and general security agreement (“**Exploration GSA**”), both dated December 31, 2017. Copies of the Exploration Guarantee and the Exploration GSA are attached as Exhibits “21”, and “22”, respectively.

28. Certified *Personal Property Security Act* (Ontario) printouts, each with a file currency date of July 28, 2019, show registration of the security interest in favour of FCMI as against, Gedex, Aviation, Black Bay, Earth, and Exploration, are attached as Exhibits “23”, “24”, “25”, “26”, and “27”, respectively. FCMI is the only secured creditor registered against all the Respondents other than Gedex.

29. As of today’s date, the Secured Debt have not been repaid and remain due and owing.

30. In addition to the Secured Debt, FCMI has provided additional funding over the years to Gedex that has taken the form of equity. FCMI has invested over \$10,000,000 to date in addition to the Secured Debt.

#### **OTHER SIGNIFICANT CREDITORS**

31. Although FCMI is generally the first ranking secured creditor on the Respondents’ assets, in the case of Gedex, there is a Cessna aircraft (“**Aircraft**”), to which MBHD Holdings Ltd. (“**MBHD**”) has priority over FCMI as it relates to the Aircraft. FCMI does not take issue with MBHD’s priority to the Aircraft and is not generally seeking any priority over that security to the extent of any funding that FCMI provides in this process. However, to the extent there are expenses specifically related to protecting the Aircraft (e.g. insurance), FCMI reserves the right to assert that such specific Aircraft related expenses are entitled to priority over MBHD. Based on the

Audited Financial Statements there was just over US\$421,000 owing to MBHD as at the end of 2018. FCMI believes that the Aircraft is worth substantially more than US\$421,000.

32. The only other registered secured creditor as against Gedex is Ford Credit Canada Leasing in respect to a 2018 Ford Model 150. Although registered under the PPSA subsequent in time to FCMI, should this be a valid purchase money security interest claim then FCMI does not intend to seek priority over Ford's interest (but reserves its rights in terms of general priority as against Ford).

33. The most significant unsecured creditor is the Federal Economic Development Agency for Southern Ontario ("**FedDev**"). FedDev entered into a contribution agreement with Gedex that provided funding to a maximum amount of CAD\$6.85 million. The FedDev loans were to start being repaid in 60 monthly installments commencing on January 1, 2019. As at that date, according to the audited financials, over CAD\$6.59 million was owed to FedDev. I am not aware that Gedex ever made any payments to FedDev. The FedDev loan is unsecured.

34. Gedex is in default under the lease for the Premises due to non-payment of rent. The landlord, Matheson Woods Limited Partnership ("**Landlord**"), issued a notice of default for non-payment of rent, on August 2, 2019 ("**Lease Default Notice**"). The Lease Default Notice gives Gedex until noon on Monday, August 12<sup>th</sup> to cure the default failing which the Landlord will take steps to exercise remedies available to it which could include terminating the lease. A copy of the Lease Default Notice is attached as Exhibit "28".

## DEMANDS AND NITES

35. Due to the failure to repay the Loans, by letter dated August 6, 2019 (the “**Demand Letter**”), FCMI demanded repayment of the Loans. The Demand Letter included Notices of Intention to Enforce Security (the “**NITES**”) addressed to Gedex and the other Respondents pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Copies of the Demand Letter and NITES are attached hereto as Exhibit “29”.

36. Although the ten (10) day notice period prescribed by section 244 of the BIA will not expire until August 17, 2019, the Lease Default Notice obliges the Applicant to take steps sooner to protect the interests of all stakeholders.

## APPOINTMENT OF MONITOR AND CONSULTANT FOR SALE AND INVESTMENT PROCESS

37. The Respondents are insolvent. They have insufficient cash from operations to meet their obligations as they fall due and have, in fact, ceased operating.

38. The HD-AGG<sup>®</sup> system is believed to have significant value and could be of interest to a number of parties. There are also over US\$37 million in tax loss carry forwards that expire between 2026 and 2038. A CCAA proceeding preserves the losses and may encourage an offer that would generate a recovery for creditors beyond the Secured Debt. Therefore FCMI would like to see a SISP instituted.

39. Zeifman is a licensed insolvency trustee and has consented to act as monitor (“**Monitor**”) of the Respondents if this Honourable Court is prepared to appoint them to that role. One of the principals of Zeifman is Allan Rutman, an experienced insolvency professional. For the sake of

full disclosure, Mr. Rutman did advise me that some relatives of his (a nephew and a niece) are minority shareholders in Gedex, owning about 2.5% of the equity in Gedex (and less than 1% on a fully diluted basis). He does not believe this creates any conflict.

40. In addition to the proposed appointment of Zeifman as Monitor, FCMI is proposing that the actual sale process be conducted on behalf of the Respondents by Mr. Robert Benia. Mr. Benia has over 30 years of management, operations, and restructuring experience.

41. Mr. Benia joined Texas Instruments' Consumer Products Group software development team in Lubbock following which he was assigned to identify new business opportunities in the semiconductor and connector system. He returned to Toronto as a management consultant with The Canada Consulting Group, which provided strategic planning for Canada's leading corporations and government agencies.

42. Prior to creating a data driven oil and gas exploration company, Mr. Benia managed the successful asset sale for FCMI GHANA, a privately held gold mining operation in Ghana, West Africa, where he found buyers for its heavy mining equipment, processing equipment, parts and supplies.

43. At FCMI's request, Mr. Benia has been serving as a consultant to Gedex. FCMI believes that the SISP can be best managed by Mr. Benia with appropriate oversight by the Monitor. He is aware of the recent efforts of the Respondents to attract new investment and has the industry connections to find potential interested parties. As indicated above, the SISP will be conducted under the overall supervision of the Monitor.

44. Given that the Respondents' have ceased operating, it is proposed that the Monitor be given enhanced powers to supervise the business while the SISP process is being conducted.

45. It is proposed that the SISP would run for 60 days for offers to be submitted. FCMI would reserve the right to credit bid its debt if there was no acceptable bid forthcoming by the bid expiry date. With Mr. Benia's involvement, prospective bidders will have the ability to deal with an individual who is connected to FCMI which will facilitate structuring of offers that may be acceptable to FCMI. FCMI does not want to discourage any party from stepping forward and making an offer either for the assets or to fund a plan (or a combination of the two).

46. The reason for a relatively truncated process is that the Respondents have spent the last 18 months or so canvassing the market in an effort to locate potential suitors but none of the efforts came to fruition. These parties would be approached as part of the SISP to see if the present context would allow for a transaction of some type to be pursued.

## **DIP FUNDING**

47. Along with the proposed Monitor, FCMI has reviewed the proposed cash flows during the CCAA process. FCMI is prepared to provide the necessary funding to support the process provided that any such funds advanced are secured against the Respondents' assets. FCMI does not seek priority over MBDH (or Ford Credit to the extent it has priority) but does seek to have any advances secured by the same security that already exists in its favour in relation to the Secured Debt.

48. The proposed order would provide priority ("**DIP Charge**") ahead of the Secured Debt for any advances that FCMI advanced. The proposed order would also provide an administration

charge (“**Administrative Charge**”) in favour of the proposed Monitor and its counsel which would have priority over the DIP Charge. As the Respondents are not operating and do not have any employees the proposed Administrative Charge does not cover any counsel for the Respondents.

## CONCLUSION

49. This Affidavit is made in support of the within application, and for no other or improper purpose.

**AFFIRMED** before me in the City of Toronto, in the Province of Ontario, this 9<sup>th</sup> day of August, 2019.

A Commissioner, etc.

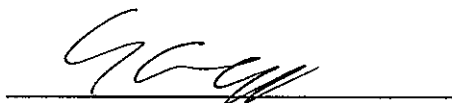
*Kenneth Kraft*  
KENNETH KRAFT

*Yakov Z. Friedman*  
YAKOV Z. FRIEDMAN



**TAB 1**

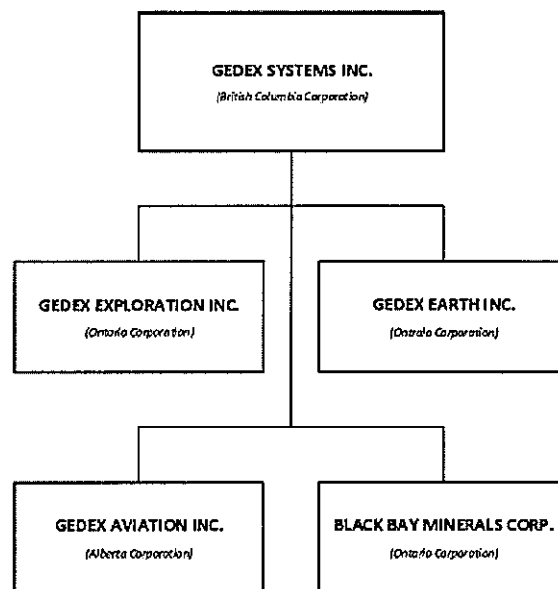
This is Exhibit "1" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, appearing to be "G. G. G.", is written over a horizontal line.

A Commissioner, etc.

## CORPORATE STRUCTURE – GEDEX FAMILY

- ☐ **Gedex Systems Inc. (Operating)**
  - Responsible for all corporate support services including finance, human resources, corporate development, R&D, technology development and data processing
- ☐ **Gedex Exploration Inc. (Operating)**
  - Responsible for all global surveying operations including contractual relationships with Gedex's aircraft operating companies
  - Wholly-owned subsidiary
- ☐ **Gedex Earth Inc. (Operating)**
  - Responsible for marketing, sales and client management services including negotiating and signing client contracts
  - Wholly-owned subsidiary
- ☐ **Gedex Aviation Inc. (Non-operating)**
  - Future aircraft operating company
  - Wholly-owned subsidiary
- ☐ **Black Bay Minerals Corp. (Non-operating)**
  - Joint endeavour created to survey a particular region
  - 81% Ownership



**TAB 2**

This is Exhibit "2" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, appearing to be "CK" followed by a stylized flourish.

---

A Commissioner, etc.

Incorporation Number C1052820

Effective as of October 21, 2015

ARTICLES  
OF  
GEDEX SYSTEMS INC.

PROVINCE OF BRITISH COLUMBIA  
*BUSINESS CORPORATIONS ACT*

## TABLE OF CONTENTS

### PART 1 INTERPRETATION

1.1	Definitions .....	1
1.2	Business Corporations Act and Interpretation Act Definitions Applicable.....	4

### PART 2 SHARES AND SHARE CERTIFICATES

2.1	Authorized Share Structure .....	4
2.2	Form of Share Certificate.....	4
2.3	Shareholder Entitled to Certificate or Acknowledgment .....	4
2.4	Delivery by Mail .....	5
2.5	Replacement of Worn Out or Defaced Certificate or Acknowledgement.....	5
2.6	Replacement of Lost, Destroyed or Wrongfully Taken Certificate .....	5
2.7	Recovery of New Share Certificate .....	5
2.8	Splitting Share Certificates.....	6
2.9	Certificate Fee.....	6
2.10	Recognition of Trusts .....	6

### PART 3 ISSUE OF SHARES

3.1	Directors Authorized .....	6
3.2	Commissions and Discounts.....	6
3.3	Brokerage.....	7
3.4	Conditions of Issue.....	7
3.5	Share Purchase Warrants and Rights .....	7

### PART 4 SHARE REGISTERS

4.1	Central Securities Register .....	7
4.2	Closing Register .....	7

### PART 5 SHARE TRANSFERS

5.1	Permitted Transfers.....	8
5.2	Registering Transfers .....	8
5.3	Waivers of Requirements for Transfer .....	9
5.4	Form of Instrument of Transfer.....	9
5.5	Transferor Remains Shareholder.....	9
5.6	Signing of Instrument of Transfer.....	9
5.7	Enquiry as to Title Not Required .....	9

5.8	Transfer Fee .....	10
-----	--------------------	----

## PART 6 TRANSMISSION OF SHARES

6.1	Legal Personal Representative Recognized on Death .....	10
6.2	Rights of Legal Personal Representative .....	10

## PART 7 ACQUISITION OF COMPANY'S SHARES

7.1	Company Authorized to Purchase or Otherwise Acquire Shares .....	10
7.2	No Purchase, Redemption or Other Acquisition When Insolvent .....	10
7.3	Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares .....	11

## PART 8 BORROWING POWERS

8.1	Borrowing Powers .....	11
-----	------------------------	----

## PART 9 ALTERATIONS

9.1	Alteration of Authorized Share Structure .....	11
9.2	Special Rights or Restrictions .....	12
9.3	Change of Name .....	12
9.4	Other Alterations .....	13

## PART 10 MEETINGS OF SHAREHOLDERS

10.1	Annual General Meetings .....	13
10.2	Resolution Instead of Annual General Meeting .....	13
10.3	Calling of Meetings of Shareholders .....	13
10.4	Notice for Meetings of Shareholders .....	13
10.5	Record Date for Notice .....	14
10.6	Record Date for Voting .....	14
10.7	Failure to Give Notice and Waiver of Notice .....	14
10.8	Notice of Special Business at Meetings of Shareholders .....	14
10.9	Notice of Dissent Rights .....	15

## PART 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1	Special Business .....	15
11.2	Special Majority .....	16
11.3	Quorum .....	16
11.4	One Shareholder May Constitute Quorum .....	16



11.5	Persons Entitled to Attend Meeting.....	16
11.6	Requirement of Quorum .....	17
11.7	Chair .....	17
11.8	Selection of Alternate Chair .....	17
11.9	Adjournments .....	17
11.10	Notice of Adjourned Meeting.....	17
11.11	Decisions by Show of Hands or Poll.....	17
11.12	Declaration of Result.....	18
11.13	Motion Need Not be Seconded .....	18
11.14	Casting Vote .....	18
11.15	Manner of Taking Poll .....	18
11.16	Demand for Poll on Adjournment .....	18
11.17	Chair Must Resolve Dispute .....	18
11.18	Casting of Votes .....	19
11.19	No Demand for Poll on Election of Chair .....	19
11.20	Demand for Poll Not to Prevent Continuance of Meeting .....	19
11.21	Retention of Ballots and Proxies.....	19

## PART 12 VOTES OF SHAREHOLDERS

12.1	Number of Votes by Shareholder or by Shares.....	19
12.2	Votes of Persons in Representative Capacity .....	19
12.3	Votes by Joint Holders .....	20
12.4	Legal Personal Representatives as Joint Shareholders.....	20
12.5	Representative of a Corporate Shareholder.....	20
12.6	When Proxy Holder Need Not Be Shareholder .....	21
12.7	When Proxy Provisions Do Not Apply to the Company.....	21
12.8	Appointment of Proxy Holders.....	21
12.9	Alternate Proxy Holders.....	21
12.10	Deposit of Proxy .....	21
12.11	Validity of Proxy Vote .....	22
12.12	Form of Proxy .....	22
12.13	Revocation of Proxy .....	23
12.14	Revocation of Proxy Must Be Signed.....	23
12.15	Chair May Determine Validity of Proxy.....	23
12.16	Production of Evidence of Authority to Vote.....	23

## PART 13 DIRECTORS

13.1	First Directors; Number of Directors .....	24
13.2	Change in Number of Directors .....	24
13.3	Directors' Acts Valid Despite Vacancy.....	24
13.4	Qualifications of Directors .....	24
13.5	Remuneration of Directors .....	24

13.6	Reimbursement of Expenses of Directors .....	25
13.7	Special Remuneration for Directors .....	25
13.8	Gratuity, Pension or Allowance on Retirement of Director .....	25

#### PART 14 ELECTION AND REMOVAL OF DIRECTORS

14.1	Election at Annual General Meeting .....	25
14.2	Consent to be a Director .....	25
14.3	Failure to Elect or Appoint Directors .....	26
14.4	Places of Retiring Directors Not Filled .....	26
14.5	Directors May Fill Casual Vacancies .....	26
14.6	Remaining Directors' Power to Act .....	26
14.7	Shareholders May Fill Vacancies .....	27
14.8	Ceasing to be a Director .....	27
14.9	Removal of Director by Shareholders .....	27
14.10	Removal of Director by Directors .....	27

#### PART 15 ALTERNATE DIRECTORS

15.1	Appointment of Alternate Director .....	27
15.2	Notice of Meetings .....	28
15.3	Alternate for More Than One Director Attending Meetings .....	28
15.4	Consent Resolutions .....	28
15.5	Alternate Director Not an Agent .....	28
15.6	Revocation of Appointment of Alternate Director .....	28
15.7	Ceasing to be an Alternate Director .....	28
15.8	Remuneration and Expenses of Alternate Director .....	29

#### PART 16 POWERS AND DUTIES OF DIRECTORS

16.1	Powers of Management .....	29
16.2	Appointment of Attorney of Company .....	29

#### PART 17 INTERESTS OF DIRECTORS AND OFFICERS

17.1	Obligation to Account for Profits .....	29
17.2	Restrictions on Voting by Reason of Interest .....	30
17.3	Interested Director Counted in Quorum .....	30
17.4	Disclosure of Conflict of Interest or Property .....	30
17.5	Director Holding Other Office in the Company .....	30
17.6	No Disqualification .....	30
17.7	Professional Services by Director or Officer .....	30
17.8	Director or Officer in Other Corporations .....	31

**PART 18  
PROCEEDINGS OF DIRECTORS**

18.1	Meetings of Directors .....	31
18.2	Voting at Meetings .....	31
18.3	Chair of Meetings .....	31
18.4	Meetings by Telephone or Other Communications Medium .....	32
18.5	Calling of Meetings .....	32
18.6	Notice of Meetings .....	32
18.7	When Notice Not Required.....	32
18.8	Meeting Valid Despite Failure to Give Notice .....	32
18.9	Waiver of Notice of Meetings .....	33
18.10	Quorum.....	33
18.11	Validity of Acts Where Appointment Defective .....	33
18.12	Consent Resolutions in Writing .....	33

**PART 19  
EXECUTIVE AND OTHER COMMITTEES**

19.1	Appointment and Powers of Executive Committee.....	34
19.2	Appointment and Powers of Other Committees .....	34
19.3	Obligations of Committees.....	35
19.4	Powers of Board.....	35
19.5	Committee Meetings .....	35

**PART 20  
OFFICERS**

20.1	Directors May Appoint Officers.....	36
20.2	Functions, Duties and Powers of Officers.....	36
20.3	Qualifications .....	36
20.4	Remuneration and Terms of Appointment .....	36

**PART 21  
INDEMNIFICATION**

21.1	Definitions .....	36
21.2	Mandatory Indemnification of Directors .....	37
21.3	Permitted Indemnification .....	37
21.4	Non-Compliance with <i>Business Corporations Act</i> .....	37
21.5	Company May Purchase Insurance .....	37

**PART 22  
DIVIDENDS**

22.1	Payment of Dividends Subject to Special Rights .....	38
22.2	Declaration of Dividends .....	38

22.3	No Notice Required .....	38
22.4	Record Date .....	38
22.5	Manner of Paying Dividend .....	38
22.6	Settlement of Difficulties .....	38
22.7	When Dividend Payable.....	39
22.8	Dividends to be Paid in Accordance with Number of Shares .....	39
22.9	Receipt by Joint Shareholders .....	39
22.10	Dividend Bears No Interest.....	39
22.11	Fractional Dividends.....	39
22.12	Payment of Dividends .....	39
22.13	Capitalization of Retained Earnings or Surplus.....	39

### PART 23 ACCOUNTING RECORDS AND AUDITOR

23.1	Recording of Financial Affairs.....	40
23.2	Inspection of Accounting Records .....	40
23.3	Remuneration of Auditor .....	40

### PART 24 NOTICES

24.1	Method of Giving Notice.....	40
24.2	Deemed Receipt.....	41
24.3	Certificate of Sending.....	41
24.4	Notice to Joint Shareholders .....	41
24.5	Notice to Legal Personal Representatives and Trustees .....	41
24.6	Undelivered Notices .....	42

### PART 25 SEAL

25.1	Who May Attest Seal.....	42
25.2	Sealing Copies.....	42
25.3	Mechanical Reproduction of Seal.....	43

### PART 26 SPECIAL RIGHTS AND RESTRICTIONS

26.1	Special Rights and Restrictions.....	43
26.2	Class A and Class B Share Rights.....	43
26.3	Convertible Preferred Share Rights .....	44

### PART 27 PRE-EMPTIVE RIGHTS

27.1	Pre-Emptive Right Regarding Additional Securities .....	50
------	---	----

PART 28  
PIGGY-BACK RIGHTS

28.1	Piggy-Back Rights.....	51
------	------------------------	----

PART 29  
CARRY-ALONG REQUIREMENT

29.1	Carry-Along Requirement .....	52
29.2	Take-Over Bid Sale Provisions .....	52

Incorporation Number C1052820

## ARTICLES

### GEDEX SYSTEMS INC.

(the "Company")

#### PART 1 INTERPRETATION

##### 1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) **"affiliate"** means an entity (the "first entity") that is the affiliate of another entity (the "second entity") where the second entity controls the first entity, or the first entity controls the second entity or both entities are controlled by the same person or entity and for these purposes "control" is the power whether by contract or ownership of equity interests to select a majority of the board of directors or other supervisory management authority of an entity, whether directly or indirectly through a chain of entities that are "controlled" within the foregoing meaning;
- (2) **"appropriate person"** has the meaning assigned in the *Securities Transfer Act*;
- (3) **"arm's length"** has the meaning given to it in the *Income Tax Act* (Canada);
- (4) **"board of directors", "directors" and "board"** mean the directors or sole director of the Company for the time being;
- (5) **"Business Corporations Act"** means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (6) **"Cliffs"** means Cliffs Natural Resources Exploration Inc.;
- (7) **"Cliffs Access Agreement"** means the access agreement entered into between Cliffs (or an affiliate of Cliffs) and the Company on the Cliffs Investment Date;
- (8) **"Cliffs Investment Date"** means the date that Cliffs (or an affiliate of Cliffs) first invested in convertible preferred shares;
- (9) **"governmental authority"** means the government of Canada, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court and any other entity

exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;

- (10) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (11) "*laws*" means means all federal, provincial, municipal, foreign and international statutes, acts, codes, ordinances, decrees, treaties, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and all policies, practices and guidelines of any governmental authority binding on or affecting the person referred to in the context in which such word is used (including, in the case of tax matters, any accepted practice or application or official interpretation of any relevant taxation authority);
- (12) "*legal personal representative*" means the personal or other legal representative of a shareholder;
- (13) "*person*" means means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture, governmental, regulatory or other entity, and pronouns have a similarly extended meaning;
- (14) "*proportionate interest*" means at any time with respect to a shareholder, the shareholders' rateable ownership of shares expressed as a percentage, which percentage is determined by dividing the number of shares owned by the shareholder by the total number of shares owned by all shareholders;
- (15) "*protected purchaser*" has the meaning assigned in the *Securities Transfer Act*;
- (16) "*registered address*" of a shareholder means the shareholder's address as recorded in the central securities register;
- (17) "*restricted person*" means any person or entity that:
  - (a) is named, identified, described on or included on any of:
    - (i) the lists maintained by the Office of the Superintendent of Financial Institutions Canada with respect to terrorism financing;
    - (ii) the Denied Persons List, the Entity List or the Unverified List, compiled by the Bureau of Industry and Security, U.S. Department of Commerce;

- (iii) the List of Statutorily Debarred Parties compiled by the U.S. Department of State;
    - (iv) the Specially Designated Nationals Blocked Persons List compiled by the U.S. Office of Foreign Assets Control; or
    - (v) the annex to, or is otherwise subject to the provisions of, U.S. Executive Order No. 13324;
  - (b) is subject to trade restrictions under United States law, including, but not limited to:
    - (i) the International Emergency Economic Powers Act, 50 U.S.C.; or
    - (ii) the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq.; or any other enabling legislation or executive order relating thereto, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56; or
  - (c) is a person or entity who is an affiliate of a person or entity listed above;
- (18) "seal" means the seal of the Company, if any;
- (19) "*Securities Act*" means the *Securities Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (20) "**securities legislation**" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; "**Canadian securities legislation**" means the securities legislation in any province or territory of Canada and includes the *Securities Act*; and "**U.S. securities legislation**" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;
- (21) "*Securities Transfer Act*" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (22) "**shares**" means the class A common shares, class B common and convertible preferred shares and where the context permits, includes (1) any securities into which such shares may be converted, reclassified, redesignated, subdivided, consolidated or otherwise changed, (ii) any securities of the Company or of any



other person received by the holders of such shares as a result of any merger, amalgamation, reorganization, arrangement or other similar transaction involving the Company, (iii) any securities of the Company which are received by any one or more persons as a stock dividend or distribution on or in respect of such shares and (iv) any security, other instrument or right that is exercisable, exchangeable or convertible into, or evidences the right to acquire any shares of the Company or any of the other above securities; provided, however, that options issued under any stock option plan for the benefit of directors, officers, employees, consultants and service providers are not included until they are exercised for shares in accordance with such plan and warrants issued by the Company are not included until they are exercised for shares unless the terms of such warrants provide otherwise.

## **1.2 Business Corporations Act and Interpretation Act Definitions Applicable**

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in these Articles will prevail in relation to the use of the term in these Articles. To the maximum extent permitted by law, if there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, these Articles will prevail.

## **PART 2 SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 Shareholder Entitled to Certificate or Acknowledgment**

Unless the shares of which the shareholder is the registered owner are uncertificated shares within the meaning of the *Business Corporations Act*, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

## **2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

## **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

## **2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate**

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (2) provides the Company with an indemnity bond sufficient in the Company's judgement to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

## **2.7 Recovery of New Share Certificate**

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights under any indemnity bond, the Company may recover the new share

certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

## **2.8 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as represented by the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.9 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## **2.10 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

# **PART 3 ISSUE OF SHARES**

## **3.1 Directors Authorized**

Subject to the *Business Corporations Act* and Parts 27, 28 and 29 of these Articles, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

## **3.2 Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### 3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### 3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the Company;
  - (b) property;
  - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### 3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## PART 4 SHARE REGISTERS

### 4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### 4.2 Closing Register

The Company must not at any time close its central securities register.

## PART 5 SHARE TRANSFERS

### 5.1 Permitted Transfers

Subject to Article 26.3(6) and Parts 27, 28 and 29, each shareholder may transfer the whole or any part of the shares held by it in the Company to any person without the consent of the Company, the other shareholders or any person, provided (i) such transfer is in accordance with all applicable laws; (ii) upon receipt of a *bona fide* written offer from a person that is not an affiliate of the transferring shareholder, the transferring shareholder shall provide prior written notice to the Company of its intent to transfer the whole of the shares held by the transferring shareholder and provide a copy of such offer to the Company, and if the Company determines that the proposed transferee is a restricted person, any shareholder of the Company or any person shall have twenty (20) days from the date such notice is delivered by the transferring shareholder to purchase the shares from the transferring shareholder at a price and on terms no less favourable than the offer made by such restricted person and (iii) prior to any such transfer, the transferring shareholder shall provide the Company with a written declaration of compliance in a form given to them by the Company.

### 5.2 Registering Transfers

The Company must register a transfer of a share of the Company if either:

- (1) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:
  - (a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
  - (b) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the *Business Corporations Act* and including the case where the Company has issued a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
  - (c) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or

- (2) all the preconditions for a transfer of a share under the *Securities Transfer Act* have been met and the Company is required under the *Securities Transfer Act* to register the transfer.

### **5.3 Waivers of Requirements for Transfer**

The Company may waive any of the requirements set out in Article 5.2(1) and any of the preconditions referred to in Article 5.2(2).

### **5.4 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the Company or the transfer agent for the class or series of shares to be transferred.

### **5.5 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

### **5.6 Signing of Instrument of Transfer**

If a shareholder or other appropriate person or an agent who has actual authority to act on behalf of that person, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

### **5.7 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such

shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

#### **5.8 Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

### **PART 6 TRANSMISSION OF SHARES**

#### **6.1 Legal Personal Representative Recognized on Death**

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

#### **6.2 Rights of Legal Personal Representative**

The legal personal representative of a shareholder has the rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

### **PART 7 ACQUISITION OF COMPANY'S SHARES**

#### **7.1 Company Authorized to Purchase or Otherwise Acquire Shares**

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series of shares and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

#### **7.2 No Purchase, Redemption or Other Acquisition When Insolvent**

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

### **7.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

## **PART 8 BORROWING POWERS**

### **8.1 Borrowing Powers**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **PART 9 ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by directors' resolution or ordinary resolution, unless an alteration to the Company's Notice of Articles would be required, in which case by ordinary resolution:



- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

## 9.2 Special Rights or Restrictions

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

## 9.3 Change of Name

The Company may by directors' resolution or ordinary resolution authorize an alteration to its Notice of Articles in order to change its name.

#### 9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

### PART 10 MEETINGS OF SHAREHOLDERS

#### 10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

#### 10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

#### 10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders, to be held at such time and at such place, either in or outside British Columbia, as may be determined by the directors.

#### 10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;

- (2) otherwise, 10 days.

#### **10.5 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.6 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.7 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

#### **10.8 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document,

have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

- (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
- (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

#### **10.9 Notice of Dissent Rights**

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

### **PART 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

#### **11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;

- (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

### 11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

### 11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for a shareholders' meeting is two (2) shareholders present in person or represented by proxy and holding 33 1/3 per cent (33 1/3%) of the shares (calculated on a non-diluted basis) entitled to vote at the meeting. Despite the previous sentence, if proper notice of a shareholders' meeting is given, and a quorum of shareholders is not present, a second shareholders' meeting may be held on 48 hours written notice to transact the business specified in the original notice. Subject to the *Business Corporations Act*, any shareholders present at the second meeting constitute a quorum and the business specified in the original notice may be transacted by a majority vote of shares represented at the second meeting (calculated on a non-diluted basis).

### 11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

### 11.5 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

### **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

### **11.7 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

### **11.8 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

### **11.9 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

### **11.10 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

### **11.11 Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

#### **11.12 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.11, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **11.13 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

#### **11.14 Casting Vote**

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

#### **11.15 Manner of Taking Poll**

Subject to Article 11.16, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

#### **11.16 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

#### **11.17 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

**11.18 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

**11.19 No Demand for Poll on Election of Chair**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

**11.20 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of the meeting for the transaction of any business other than the question on which a poll has been demanded.

**11.21 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

**PART 12  
VOTES OF SHAREHOLDERS****12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

**12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.



### 12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### 12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

### 12.5 Representative of a Corporate Shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:
  - (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
  - (b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (2) if a representative is appointed under this Article 12.5:
  - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

#### **12.6 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company.

#### **12.7 When Proxy Provisions Do Not Apply to the Company**

If and for so long as the Company is a public company, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

#### **12.8 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

#### **12.9 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

#### **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two

business days before the day set for the holding of the meeting or any adjourned meeting; or

- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

#### 12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

#### 12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

\_\_\_\_\_

\_\_\_\_\_  
Signed [month, day, year]

\_\_\_\_\_  
[Signature of shareholder]

\_\_\_\_\_  
[Name of shareholder - printed]

### **12.13 Revocation of Proxy**

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

- (1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

### **12.14 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### **12.15 Chair May Determine Validity of Proxy.**

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting, and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

### **12.16 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **PART 13 DIRECTORS**

### **13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is continued and recognized under the *Business Corporations Act*.

The Company shall have a minimum of three (3) and a maximum of seven (7) directors. The number of directors is the number within the minimum and maximum determined by the directors from time to time by ordinary resolution. If the number of directors has not been determined as provided in this section, the number of directors is the number of directors holding office immediately following the most recent election or appointment of directors, whether at an annual or special general meeting of the shareholders.

### **13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1:

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; and
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 Qualifications of Directors**

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **PART 14 ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

### **14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

#### **14.3 Failure to Elect or Appoint Directors**

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

#### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.6 Remaining Directors' Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 Ceasing to be a Director**

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Article 14.9 or Article 14.10.

#### **14.9 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.10 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

### **PART 15 ALTERNATE DIRECTORS**

#### **15.1 Appointment of Alternate Director**

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.



## **15.2 Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

## **15.3 Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

## **15.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

## **15.5 Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of his or her appointor.

## **15.6 Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

## **15.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

#### **15.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

### **PART 16 POWERS AND DUTIES OF DIRECTORS**

#### **16.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

#### **16.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

### **PART 17 INTERESTS OF DIRECTORS AND OFFICERS**

#### **17.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered

or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

#### **17.2 Restrictions on Voting by Reason of Interest**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

#### **17.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

#### **17.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

#### **17.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

#### **17.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

#### **17.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to

remuneration for professional services as if that director or officer were not a director or officer.

#### **17.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

### **PART 18 PROCEEDINGS OF DIRECTORS**

#### **18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

#### **18.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting has a casting vote.

#### **18.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
  - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

#### **18.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person, or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

#### **18.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

#### **18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1 or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

#### **18.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

#### **18.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

### 18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director or, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### 18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

### 18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

### 18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article 18.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the

directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## PART 19 EXECUTIVE AND OTHER COMMITTEES

### 19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and during the intervals between meetings of the board of directors all of the directors' powers are delegated to the executive committee, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### 19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (d) the power to appoint or remove officers appointed by the directors; and

- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

### **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

### **19.5 Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.



## **PART 20 OFFICERS**

### **20.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **20.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

### **20.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **PART 21 INDEMNIFICATION**

### **21.1 Definitions**

In this Article 21:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or

alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

- (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) "expenses" has the meaning set out in the *Business Corporations Act*.

## **21.2 Mandatory Indemnification of Directors**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

## **21.3 Permitted Indemnification**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

## **21.4 Non-Compliance with *Business Corporations Act***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part 21.

## **21.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **PART 22 DIVIDENDS**

### **22.1 Payment of Dividends Subject to Special Rights**

The provisions of this Part 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may consider appropriate in their absolute discretion.

### **22.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

### **22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

### **22.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

### **22.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;

- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

#### **22.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

#### **22.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

#### **22.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

#### **22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

#### **22.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

#### **22.12 Payment of Dividends**

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

#### **22.13 Capitalization of Retained Earnings or Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

## PART 23 ACCOUNTING RECORDS AND AUDITOR

### 23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### 23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

### 23.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company.

## PART 24 NOTICES

### 24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

- (c) in any other case, the delivery address of the intended recipient;
- (3) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

#### **24.2 Deemed Receipt**

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

#### **24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

#### **24.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

#### **24.5 Notice to Legal Personal Representatives and Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

#### **24.6 Undelivered Notices**

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

### **PART 25 SEAL**

#### **25.1 Who May Attest Seal**

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

#### **25.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

### 25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## PART 26 SPECIAL RIGHTS AND RESTRICTIONS

### 26.1 Special Rights and Restrictions

The share capital of the Company shall consist of class A common shares, class B common shares and convertible preferred shares which shall have attached to them the special rights and restrictions set forth in this Part.

### 26.2 Class A and Class B Share Rights

The common shares shall have attached to them the following special rights and restrictions:

- (1) Subject to the provisions attaching to any other class of shares of the Company, the holders of the class A common shares and the class B common shares shall be entitled to receive notice of any shareholders' meeting in accordance with these Articles, to attend such meeting and shall vote together as a single class, upon all matters submitted to a vote of shareholders, excluding those matters required to be submitted to a class vote pursuant to these Articles and the *Business Corporations Act*. Each class A common share and class B common share shall confer the right to one vote in person or by proxy at all meetings of shareholders of the Company.
- (2) The holders of the class A common shares and the holders of the class B common shares shall be entitled to receive and the Company shall pay in equal amounts per share on all class A common shares and class B common shares at the time outstanding, without preference or distinction, such non-cumulative dividends as the directors may from time to time declare in their absolute discretion.
- (3) Subject to the provisions attaching to any other class of shares of the Company, in the event of the liquidation, dissolution or winding up of the Company, whether



voluntary or involuntary, the holders of the class A common shares and the holders of the class B common shares shall be entitled to receive the remaining property and assets of the Company and to participate rateably in any distribution thereof without preference or distinction as to the class of share held.

- (4) With respect to separate class voting rights as provided for in section 61 of the *Business Corporations Act*, a quorum of class A common shareholders for a separate class vote is present at a meeting of such shareholders if not less than two shareholders holding not less than 33 1/3% of the class A common shares entitled to vote at the meeting are present in person or represented by proxy.
- (5) With respect to separate class voting rights including as provided for in section 61 of the *Business Corporations Act*, a quorum of class B common shareholders for a separate class vote is present at a meeting of such shareholders if the holders of not less than 51% of the class B common shares entitled to vote at the meeting are present in person or represented by proxy, irrespective of the number of persons actually present at the meeting.
- (6) In the event that the common shares are at any time subdivided, consolidated, reclassified or changed into or exchanged for a greater or less number of shares of the same or another class, or a stock dividend or other distribution of common shares to shareholders occurs, an appropriate adjustment shall be made to the provisions attached to the common shares so as to maintain the relative rights of the holders of those shares.

### 26.3 Convertible Preferred Share Rights

The convertible preferred shares shall have attached to them the following special rights and restrictions:

- (1) Each holder of outstanding convertible preferred shares shall be entitled to receive notice of any shareholders' meeting in accordance with these Articles, to attend such meeting and shall vote with holders of the class A common shares and the class B common shares, voting together as a single class, upon all matters submitted to a vote of shareholders, other than for those matters for which holders of convertible preferred shares are entitled to a separate class vote pursuant to the *Business Corporations Act*. Each outstanding convertible preferred share shall be entitled to a number of votes equal to the number of class B common shares into which such convertible preferred share is then convertible pursuant to Article 26.3(3) hereof as of the record date for the vote.
- (2) The holders of convertible preferred shares shall be entitled to receive dividends at such times and in such amounts as are received by holders of outstanding class A common and class B common shares, pro rata based on the number of class B common shares into which convertible preferred shares are convertible, determined on an as-if-converted basis as of the record date for such dividend (assuming full conversion of all such convertible preferred shares).

- (3) Convertible preferred shares shall be convertible into class B common shares in accordance with the following:
  - (a) **Voluntary conversion.** The holders of convertible preferred shares may convert such shares into class B common shares at any time after the date of issuance of such convertible preferred shares upon the written election of the holder thereof and without payment of any additional consideration and upon such election, any such outstanding convertible preferred share held by such holder shall be converted into one fully paid and non-assessable class B common share (the "Conversion Rate"). Any election by a holder of convertible preferred shares pursuant to this Article 26.3(3)(a) shall be made by written notice to the Company, and such notice may be given at any time and from time to time.
  - (b) **Automatic conversion.** Upon the Company and Cliffs executing a joint notice confirming the delivery of the final data resulting from the initial 90 project days of the Company's HD-AGG system access as contemplated under the Cliffs Access Agreement (an "Automatic Conversion Event") each convertible preferred share shall automatically be converted, without the payment of any additional consideration, into fully paid and non-assessable class B common shares at the Conversion Rate.
  - (c) **Procedure for conversion.**
    - (i) **Voluntary conversion.** Upon election to convert pursuant to Article 26.3(3)(a), the relevant holder or holders of convertible preferred shares shall surrender the certificate or certificates representing the convertible preferred shares being converted to the Company, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed share powers relating thereto) or shall deliver an affidavit of loss to the Company, at its principal executive office or such other place as the Company may from time to time designate by notice to the holders of the convertible preferred shares. Upon surrender of such certificates or delivery of an affidavit of loss, the Company shall issue and send by hand delivery, by courier or by first class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, certificates for the number of class B common shares to which such holder shall be entitled upon conversion. The issuance of certificates for class B common shares upon conversion of convertible preferred shares shall be deemed effective as of the date of surrender of such convertible preferred shares certificates or delivery of such affidavit of loss and will be made without charge to the holders of such shares for costs incurred by the Company in connection with such conversion and the related issuance of such shares.

- (ii) **Automatic conversion.** Effective upon the date of the Automatic Conversion Event (the "Automatic Conversion Date"), all outstanding convertible preferred shares shall be converted into class B common shares without any further action by the holders of such shares and whether or not the certificates representing such convertible preferred shares are surrendered to the Company. On the Automatic Conversion Date, all rights with respect to the convertible preferred shares so converted shall terminate, except any of the rights of the holders thereof upon surrender of their certificate or certificates therefor or delivery of an affidavit of loss thereof to receive certificates for the number of class B common shares into which such convertible preferred shares have been converted. If so required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Company, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. Upon surrender of such certificates or affidavit of loss, the Company shall issue and deliver to such holder, promptly at its principal executive office or such other place as the Company may from time to time designate by notice to the holders of the convertible preferred shares and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of class B common shares into which the convertible preferred shares surrendered are convertible on the Automatic Conversion Date.
- (d) **Reservation of shares issuable upon conversion.** The Company shall at all times reserve and keep available out of its authorized but unissued class B common shares, solely for the purpose of effecting the conversion of the convertible preferred shares, such number of its class B common shares as shall from time to time be sufficient to effect the conversion of all outstanding convertible preferred shares.
- (e) **No closing of transfer books.** The Company shall not close its books against the transfer of convertible preferred shares in any manner that would interfere with the timely conversion of any convertible preferred shares.
- (f) **Adjustments.**

  - (i) If at any time there occurs:

    - (A) a reclassification or re-designation of the class B common shares, any change of the class B common shares into other shares or securities or any other capital reorganization involving the class B common shares;

- (B) a consolidation, amalgamation, arrangement, takeover or merger of the Company with or into any other body corporate which results in a reclassification or re-designation of the class B common shares or a change of the class B common shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or entity;
- (D) the subdivision, re-division or change of the outstanding class B common shares into a greater number of class B common shares;
- (E) the reduction, consolidation or combination of the outstanding class B common shares into a lesser number of class B common shares (any of such events listed in items (A) through (E) inclusive being herein called a "Capital Reorganization");
- (F) the fixing of a record date for the issue of, or the issuance of, class B common shares (or securities convertible or exchangeable into class B common shares) to the holders of all or substantially all of the outstanding class B common shares by way of a stock dividend or other distribution of class B common shares or securities exchangeable or convertible into class B common shares; or
- (G) the fixing of a record date for the distribution to, or the distribution to, the holders of all or substantially all of the class B common shares payable in class B common shares or securities exchangeable for or convertible into class B common shares or any other property (any of such events listed in items (F) and (G) being herein called a "Distribution"),

after the effective date of the Capital Reorganization or Distribution, the Conversion Rate shall be adjusted such that the holder of convertible preferred shares will be entitled to receive, and shall accept upon the conversion of the convertible preferred shares, in lieu of the number of class B common shares to which the holder was theretofore entitled upon the conversion of the convertible preferred shares, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization and/or Distribution which the holder would have been entitled to receive as a result of the Capital Reorganization and/or Distribution if, on the effective date thereof, the holder had been the registered holder of the number of class B common shares to which the holder was theretofore

entitled to purchase or receive upon the exercise of the convertible preferred shares.

Any adjustment made pursuant to Article 26.3(3)(f) hereof will be made successively whenever an event referred to therein will occur.

If at any time the Company will take any action affecting the class B common shares, other than an action or an event described in Article 26.3(3)(f) hereof, which in the opinion of the board of directors of the Company would have a material adverse effect upon the rights of the holder of convertible preferred shares, the Conversion Rate will be adjusted in such manner and at such time as the board of directors of the Company may determine to be equitable in the circumstances.

No adjustment in the number or kind of securities purchasable on the exercise of the convertible preferred shares will be made in respect of any event described in Article 26.3(3)(f) hereof if the holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the holder had converted the convertible preferred shares prior to or on the record date or effective date, as the case may be, of such event.

- (ii) Upon the date no convertible preferred shares are outstanding, this Article 26.3(3)(f)(ii) has no force or effect, and the Company has no obligations under this Article 26.3(3)(f)(ii).
    - (A) if the holder converts any or all of the convertible preferred shares (whether pursuant to Article 26.3(3)(a) or Article 26.3(3)(b)) prior to the fifth anniversary (the "**Fifth Anniversary Date**") of the Cliffs Investment Date, the Conversion Rate shall be adjusted such that it will be equal to the Conversion Rate multiplied by US\$1.00 and divided by the Lower Price (defined below), provided such Lower Price is less than US\$1.00 and was established prior to the date of conversion in respect of the convertible preferred shares to be converted but after the Cliffs Investment Date; and
    - (B) if the holder converts any or all of the convertible preferred shares (whether pursuant to Article 26.3(3)(a) or Article 26.3(3)(b)) on or after the Fifth Anniversary Date, the Conversion Rate shall be adjusted such that it will be equal to the Conversion Rate multiplied by US\$1.00 and divided by the Lower Price (defined below), provided such Lower Price is less than US\$1.00 and was established prior to the Fifth Anniversary Date but after the Cliffs Investment Date,
- provided, however, that at no time shall the holders of convertible preferred shares or any of their affiliates

collectively control, directly or indirectly, more than 19.9% in value or voting of the outstanding securities of the Company. For greater certainty, the rights attached to the convertible preferred shares herein do not apply to the holders of the class B common shares.

**"Lower Price"** means the lowest of (i) the price paid by any subscriber for any equity securities of the Company, and (ii) the conversion price or exercise price of any securities convertible into equity securities of the Company that, in each case, were issued to a subscriber after the Cliffs Investment Date (other than pursuant to any right to acquire securities granted to the subscriber prior to the Cliffs Investment Date or pursuant to any share ownership plan or stock option plan for employees of the Company), converted in each case, if such price is not denominated in US dollars, into US dollars using the applicable exchange rate on the date of the issue of such securities.

(4) Liquidation, dissolution and winding up:

- (a) In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs (a "Liquidation Event"), the holders of the convertible preferred shares shall be entitled to receive an amount equal to the original issue price in respect of each convertible preferred share held together with any dividends declared thereon and unpaid, less any return of capital to the date of the Liquidation Event (the "Convertible Preferred Redemption Price"), before any distribution of any part of the assets of the Company among the holders of the common shares or shares of any other class ranking junior to the convertible preferred shares.
- (b) If, upon a Liquidation Event, the holders of outstanding convertible preferred shares would receive more than the Convertible Preferred Redemption Price in the event all of their convertible preferred shares were converted into class B common shares in accordance with Article 26.3(4) hereof immediately prior to the relevant Liquidation Event and such class B common shares are entitled to receive property or assets or other distributions from the Company, then each holder of convertible preferred shares shall be entitled to receive an amount per convertible preferred share equal to such greater amount (as opposed to the Convertible Preferred Redemption Price), without actually having to convert its convertible preferred shares.
- (c) Except as provided above, the holders of the convertible preferred shares shall not be entitled to any further participation in the assets of the Company.

- (5) No convertible preferred shares acquired by the Company by reason of redemption, purchase, conversion, exchange or otherwise shall be reissued and all such shares shall be cancelled, retired and eliminated from the shares which the Company shall be authorized to issue.
- (6) Except with the prior approval of the Company, such approval not to be unreasonably withheld, the convertible preferred shares are non-transferable other than by a holder of convertible preferred shares to an affiliate that directly, or indirectly, wholly owns or is wholly-owned by such holder of convertible preferred shares.

## PART 27

### PRE-EMPTIVE RIGHTS

#### 27.1 Pre-Emptive Right Regarding Additional Securities

- (1) Except as the shareholders may otherwise agree by special resolution, any issuance of shares or any security that is exercisable, exchangeable or convertible into, or evidences the right to acquire, any shares of the Company is subject to this Article 27.1.
- (2) The Company must give notice to the shareholders (an "Offering Notice") each time an offering of shares or any security that is exercisable, exchangeable or convertible into, or evidences the right to acquire, any Shares of the Company is subject to Article 27.1. The Offering Notice must specify the terms and conditions of the offering, including (i) the total number of shares or any security that is exercisable, exchangeable or convertible into, or evidences the right to acquire, any shares which are being offered (the "Offered Securities"), (ii) the rights, privileges, restrictions, terms and conditions of the Offered Securities, (iii) the consideration for each Offered Security and (iv) the closing date which may not be earlier than 15 days from the date the Offering Notice is delivered.
- (3) Each shareholder may subscribe for up to its proportionate interest of the Offered Securities (calculated on a fully-diluted basis) by delivering an irrevocable and unconditional subscription notice to the Company (the "Subscription Notice") within 7 days from the date the Offering Notice is delivered (the "Offer Period"). The Subscription Notice must specify whether the shareholder is subscribing for its proportionate interest (calculated on a fully-diluted basis), and if not, such lesser number of, or lesser percentage of, Offered Securities such shareholder is prepared to acquire. The "Specified Number" of a shareholder means that shareholder's proportionate interest of the Offered Securities or the number of Offered Securities specified in the shareholder's Subscription Notice and if expressed as a percentage means the number of Offered Securities equal to such percentage multiplied by the total number of Offered Securities, provided, however, that under no circumstances shall the Specified Number, when expressed as a percentage, exceed that

shareholder's proportionate interest (calculated on a fully-diluted basis) of the Offered Securities.

- (4) If a shareholder fails to deliver a Subscription Notice within the Offer Period, then any right of the shareholder to subscribe for any of the Offered Securities is extinguished. The Offered Securities will be allotted to the Shareholders subscribing for them in accordance with Article 27.1(5).
- (5) If the sum of the Specified Numbers is less than the total number of Offered Securities, each shareholder subscribing for Offered Securities will be allotted and will purchase or advance such shareholder's Specified Number. In such case, during the 90 day period following the expiry of the Offer Period, the Company is entitled to allot and issue any Offered Securities that are not subscribed for by the shareholders to any other persons. Any such allotment and issuance must be at the same or higher price and otherwise on the same terms and conditions as contained in the Offering Notice. If any of the Offered Securities are not issued within the 90 day period, the Company must, before allotting and issuing them to any Person, again comply with this Article 27.1.
- (6) If the Offered Securities are allotted to shareholders under Article 27.1(5), the Company will accept the subscriptions for each shareholder's Specified Number by immediately notifying each shareholder who subscribed for Offered Securities of the Specified Number allotted to that shareholder. Subject to Article 27.1(7), once accepted, each Subscription Notice constitutes a binding agreement by the shareholder to subscribe for and purchase or advance, and by the Company to issue and sell to that shareholder, on the terms and conditions contained in the Offering Notice, the Specified Number allotted to the shareholder.
- (7) The obligation of the Company to issue any Offered Securities to a shareholder is subject to and conditional on the issuance of such securities being exempt from all registration and prospectus requirements under applicable securities laws.

## PART 28 PIGGY-BACK RIGHTS

### 28.1 Piggy-Back Rights

- (1) If any one or more shareholders (the "Selling Shareholder") proposes to transfer all but not less than all of the shares owned by the Selling Shareholder (the "Sale Shares") to a third party and if the Sale Shares represent more than 75% of the issued and outstanding shares of the Company (calculated on a non-diluted basis), the Selling Shareholder must give notice of the proposed transfer (a "Disposition Notice") to the other shareholders. The Disposition Notice must (i) be by notice in writing, (ii) specify the consideration per Sale Share payable by the third party, (iii) be accompanied by a copy of the terms and conditions applicable to the transfer, (iv) specify the proposed completion date for the transfer and (v) be delivered at least 15 days prior to the proposed completion date. Each of the other shareholders has the



right to require the third party to purchase all but not less than all of the shares held by it on the same terms and conditions as the Selling Shareholder proposes to transfer the Sale Shares (the "Piggy-Back Right"). The Piggy-Back Right may be exercised by delivering an irrevocable and unconditional notice in writing to the Selling Shareholder and the third party (the "Piggy-Back Notice") within a period of five days from the date the Disposition Notice is delivered.

- (2) If any shareholder gives a Piggy-Back Notice within the specified time period, the Selling Shareholder may not sell the Sale Shares to the third party unless the third party also purchases from the shareholders giving Piggy-Back Notices all of the shares held by them, at the time of completion of, and on the same terms and conditions applicable to, the transfer of Sale Shares by the Selling Shareholder.

## PART 29 CARRY-ALONG REQUIREMENT

### 29.1 Carry-Along Requirement

- (1) If any one or more shareholders receive a written bona fide offer for all of the issued and outstanding shares from a person (the "Bidder") dealing at arm's length with the parties (a "Take-Over Bid"), the recipient shareholders must give notice of the Take-Over Bid to the other shareholders. Such notice must be in writing and accompanied by a copy of the Take-Over Bid.
- (2) If shareholders holding not less than 75% of the shares in the Company (calculated on a non-diluted basis) want to accept the Take-Over Bid, they have the right to require the other shareholders to sell all of their shares to the Bidder pursuant to the Take-Over Bid. Such right may be exercised by notice in writing delivered to the other shareholders at least 10 days prior to the closing of the transaction contemplated by the Take-Over Bid. Subject to Article 29.2, each Shareholder receiving such a notice is obligated to sell all of its Shares to the Bidder on the terms of the Take-Over Bid.

### 29.2 Take-Over Bid Sale Provisions

- (1) The parties acknowledge that the completion of any transfer of shares to the Bidder is subject to all filings, notices and authorizations necessary to complete the transfer being made, given or obtained. The time for completion of the Take-Over Bid will be extended for up to 45 days if necessary for such purposes.
- (2) If at the time for completion of the Take-Over Bid the shares are not free and clear of all liens and other encumbrances, except for those contained in these articles, the Bidder may, without prejudice to any other rights it may have, purchase the shares subject to such liens and encumbrances or in the absence of such evidence or certificate. In that event, the Bidder will, at completion, assume all obligations and liabilities with respect to such liens. The purchase price payable by the Bidder for the shares shall be satisfied, in whole or in part, as the case may be, by such

assumption and the amount so assumed, as determined by the Bidder acting reasonably, will be deducted from the purchase price payable to the applicable shareholder at completion.

Dated October 21, 2015.

FULL NAME AND SIGNATURE OF ONE  
OF THE DIRECTORS PURSUANT TO S.  
302(1)(C) OF THE BUSINESS  
CORPORATIONS ACT (BRITISH  
COLUMBIA)

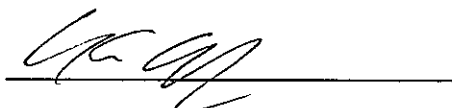


---

Rudi P. Fronk

**TAB 3**

This is Exhibit "3" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, consisting of stylized cursive letters, is written over a horizontal line.

A Commissioner, etc.

**Gedex Systems Inc.**

Audited Consolidated Financial Statements  
(Expressed in US dollars)

Year ended December 31, 2018

**CONFIDENTIAL Not For Distribution**



KPMG LLP  
 Vaughan Metropolitan Centre  
 100 New Park Place, Suite 1400  
 Vaughan ON L4K 0J3  
 Canada  
 Tel 905-265-5900  
 Fax 905-265-6390

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Gedex Systems Inc.

### *Opinion*

We have audited the consolidated financial statements of Gedex Systems Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of loss and comprehensive loss for the year then ended
- the consolidated changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

### ***Emphasis of Matter***

We draw attention to Note 2 in the financial statements, which indicates that the Entity has continued to incur net losses and has a significant operating deficit. These conditions, along with other matters as set forth in note 2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Page 3

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





Page 4

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 1, 2019

**Gedex Systems Inc.**  
Consolidated Statements of Financial Position  
December 31, 2018 with comparative information for 2017  
(Expressed in US Dollars)

	2018	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,117,247	\$ 2,754,995
Other receivables	74,095	202,463
Inventories	90,144	90,144
Prepaid expenses and other assets	63,829	74,120
	<u>1,345,315</u>	<u>3,121,722</u>
<b>Non-current assets</b>		
Property, plant and equipment (note 5)	334,722	378,335
Intangible assets (note 6)	7,417	10,595
	<u>342,139</u>	<u>388,930</u>
<b>Total Assets</b>	<u>\$ 1,687,454</u>	<u>\$ 3,510,652</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 249,804	\$ 521,426
Short-term debt (note 7)	10,625,550	10,505,902
	<u>10,875,354</u>	<u>11,027,328</u>
<b>Non-current liabilities</b>		
Deferred revenue (note 8)	5,552,906	5,561,049
Long-term debt (note 9)	3,281,747	2,894,140
	<u>8,834,653</u>	<u>8,455,189</u>
<b>Total Liabilities</b>	<u>\$ 19,710,007</u>	<u>\$ 19,482,517</u>
<b>Equity</b>		
<b>Equity attributable to shareholders of Gedex Systems Inc.</b>		
Common shares (note 10b)	\$ 62,855,859	\$ 47,023,293
Convertible preferred shares (note 10a)	-	12,684,019
Foreign currency translation reserve	31,197	15,467
Contributed surplus (note 11)	10,967,429	10,967,429
Deficit	(91,875,419)	(86,660,454)
	<u>(18,020,934)</u>	<u>(15,970,246)</u>
<b>Non-controlling interest</b>	<u>(1,619)</u>	<u>(1,619)</u>
<b>Total Equity</b>	<u>(18,022,553)</u>	<u>(15,971,865)</u>
<b>Total Liabilities and Equity</b>	<u>\$ 1,687,454</u>	<u>\$ 3,510,652</u>

Note 2, Going concern  
Note 13, Related party transactions  
Note 17, Commitments and contingencies

The accompanying notes are an integral part of the consolidated financial statements.

**Gedex Systems Inc.****Consolidated Statements of Loss and Comprehensive Loss**

For the year ended December 31, 2018 with comparative information for 2017

(Expressed in US Dollars)

	2018	2017
<b>Revenue</b>	\$ 47,508	\$ 38,170
Operating Costs	217,149	314,394
<b>Gross Margin</b>	<b>(169,641)</b>	<b>(276,224)</b>
Research and development (note 4)	2,359,323	2,412,733
General and administration (note 4)	2,209,948	2,424,642
<b>Loss before finance costs</b>	<b>(4,738,912)</b>	<b>(5,113,599)</b>
Finance costs	476,053	(353,821)
<b>Net loss for the period</b>	<b>(5,214,965)</b>	<b>(4,759,778)</b>
<b>Net loss attributable to:</b>		
Shareholders of Gedex Systems Inc.	\$ (5,214,965)	\$ (4,759,778)
	<b>(5,214,965)</b>	<b>(4,759,778)</b>
<b>Other comprehensive income/loss</b>		
Foreign currency translation adjustment	15,730	(15,842)
<b>Comprehensive loss</b>	<b>(5,199,235)</b>	<b>(4,775,620)</b>

The accompanying notes are an integral part of the consolidated financial statements.

**Gedex Systems Inc.**
**Consolidated Statements of Changes in Equity**

For the year ended December 31, 2018 with comparative information for 2017

(Expressed in US dollars)

	Common shares	Convertible preferred shares	Contributed surplus	Foreign currency translation reserve	Deficit	Total	Non- controlling interests	Total Equity
<b>Balance - At December 31, 2016</b>	<b>\$ 40,122,353</b>	<b>\$ 12,684,019</b>	<b>\$ 10,766,079</b>	<b>\$ 31,309</b>	<b>\$ (81,500,876)</b>	<b>\$ (18,296,916)</b>	<b>\$ (1,569)</b>	<b>\$ (18,298,485)</b>
Net loss for the period	-	-	-	-	(4,759,778)	(4,759,778)	-	(4,759,778)
Foreign currency translation reserve	-	-	-	(15,842)	-	(15,842)	(50)	(15,892)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,842)</b>	<b>(4,759,778)</b>	<b>\$ (4,775,620)</b>	<b>(50)</b>	<b>(4,775,670)</b>
Share-based payments								
Recognition of share-based compensation	-	-	201,350	-	-	201,350	-	201,350
Issue of shares	6,590,940	-	-	-	-	6,590,940	-	6,590,940
Issue of penalty shares	310,000	-	-	-	-	310,000	-	310,000
<b>Total transactions with owners recognized directly in equity</b>	<b>\$ 6,900,940</b>	<b>\$ -</b>	<b>\$ 201,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,102,290</b>	<b>\$ -</b>	<b>\$ 7,102,290</b>
<b>Balance - At December 31, 2017</b>	<b>\$ 47,023,293</b>	<b>\$ 12,684,019</b>	<b>\$ 10,967,429</b>	<b>\$ 15,467</b>	<b>\$ (86,660,454)</b>	<b>\$ (15,970,246)</b>	<b>\$ (1,619)</b>	<b>\$ (15,971,865)</b>
Net loss for the period	-	-	-	-	(5,214,965)	(5,214,965)	-	(5,214,965)
Foreign currency translation reserve	-	-	-	15,730	-	15,730	-	15,730
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,730</b>	<b>(5,214,965)</b>	<b>\$ (5,199,235)</b>	<b>-</b>	<b>(5,199,235)</b>
Share-based payments								
Issue of shares	3,066,501	-	-	-	-	3,066,501	-	3,066,501
Issue of penalty shares	82,046	-	-	-	-	82,046	-	82,046
Conversion shares	12,684,019	(12,684,019)	-	-	-	-	-	-
	15,832,566	(12,684,019)	-	-	-	3,148,547	-	3,148,547
<b>Total transactions with owners recognized directly in equity</b>	<b>\$ 15,832,566</b>	<b>\$ (12,684,019)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,148,547</b>	<b>\$ -</b>	<b>\$ 3,148,547</b>
<b>Balance - At December 31, 2018</b>	<b>\$ 62,855,859</b>	<b>\$ -</b>	<b>\$ 10,967,429</b>	<b>\$ 31,197</b>	<b>\$ (91,875,419)</b>	<b>\$ (18,020,934)</b>	<b>\$ (1,619)</b>	<b>\$ (18,022,553)</b>

**Gedex Systems Inc.****Consolidated Statements of Cash Flows**

For the year ended December 31, 2018 with comparative information for 2017

(Expressed in US dollars)

	2018	2017
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (5,214,965)	\$ (4,759,778)
Adjustments for non-cash items:		
Depreciation and amortization	84,175	92,233
Share-based compensation - Issuance of Options	-	411,350
Foreign currency exchange loss	(106,818)	(15,842)
Non-cash interest expense - FedDev	436,526	295,912
Non-cash interest expense - FCMI	-	42,162
Fair value loss on revaluation of FedDev loan	-	(712,483)
	(4,801,082)	(4,646,446)
<b>Changes in non-cash working capital</b>		
Other receivables	128,468	14,106
Inventories	-	14,307
Prepaid expenses and other assets	10,291	(33,311)
Trade and other payables	871,622	20,697
Deferred Revenue	(8,143)	11,049
	(141,106)	26,848
<b>Net cash used in operating activities</b>	<b>(4,942,188)</b>	<b>(4,619,598)</b>
<b>Investing activities</b>		
Purchase of equipment	(37,384)	(98,374)
	(37,384)	(98,374)
<b>Financing activities</b>		
Proceeds from issuance of shares	3,148,547	6,900,940
Proceeds from aircraft loan extension	300,000	-
Repayment of aircraft loan	(106,723)	(159,888)
	3,341,824	6,741,052
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>(1,637,748)</b>	<b>2,023,080</b>
Cash and cash equivalents, beginning of the year	2,754,995	731,915
Cash and cash equivalents, end of the year	\$ 1,117,247	\$ 2,754,995
<b>Supplementary information</b>		
Interest paid	30,513	31,153

The accompanying notes are an integral part of the consolidated financial statements.

Year Ended December 31, 2018

---

## **1 Organization and nature of the business**

Gedex Systems Inc. ("Gedex" or "The Company") is incorporated under the Business Corporations Act (British Columbia) and domiciled in Canada. The address of its registered office is 407 Matheson Boulevard East, Mississauga, Ontario. On October 23, 2015 Gedex Inc. filed a corporate continuance to change from an Ontario corporation to a British Columbia corporation and changed its name to Gedex Systems Inc. On January 1, 2018 Gedex Systems Inc. amalgamated with its subsidiary Gedex Technologies Inc., the amalgamated company being Gedex Systems Inc. On January 1, 2018 Gedex GP Inc. was renamed Gedex Earth Inc. and Gedex Exploration Inc. was incorporated as a wholly owned subsidiary.

Since its inception, the efforts of the Company have been devoted to the development of technologies for use, initially, in airborne and ground-based resource discovery systems.

The Company has completed its development phase, integration and testing phases with its high definition airborne gravity gradiometer (HD-AGG®) system. The primary focus of Gedex will be to discover and develop underground resources and improve property management for both the mineral and oil and gas industries. The Company will examine other potential applications in the future. To date, the Company has earned minimal revenues.

## **2 Going concern**

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. Material uncertainties exist which may cast significant doubt about the appropriateness of the use of the going concern assumption because the Company has incurred a loss of \$5,214,965, has an operating deficit of \$91,875,419 and a working capital deficiency of \$9,530,039.

The ability of the Company to continue as a going concern for the foreseeable future, and to realize the carrying value of its assets and discharge its liabilities, when due, is dependent on the successful execution of management's business plan, which includes the acquisition of new strategic partners, securing of additional forms of equity or debt financing, the continued financial support of its shareholders and, ultimately, the attainment of profitable operations. These activities are expected to contribute to the Company's acquisition of long-term assets and to support the commencement of revenue-based operations. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the financial position classifications used.

## **3 Summary of significant accounting policies**

### **(a) Basis of preparation**

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Year Ended December 31, 2018

---

These consolidated financial statements were approved for issuance by the board of directors on May 1, 2019.

**(b) Basis of measurement**

These consolidated financial statements have been prepared on the historical-cost basis except for certain financial instruments that are measured at fair-values, as explained in the accounting policies (Note 3). Historical-cost is generally based on the fair-value of the consideration given in exchange for assets.

**(c) Basis of consolidation**

These financial statements consolidate the accounts of Gedex Systems Inc. and its subsidiaries, Black Bay Minerals Corporation ("Black Bay"), Gedex Aviation Inc., Gedex Exploration Inc. and Gedex Earth Inc. Subsidiaries are those entities which the Company controls by having the power to govern financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by Gedex Systems Inc. and are de-consolidated from the date that control ceases. Intercompany transactions balances, income and expenses, and profits and losses are eliminated.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net loss and comprehensive loss is recognized directly in equity. Changes in the parent Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the consolidated financial statements of each consolidated entity in the Gedex Systems Inc. group are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The functional and presentation currency of the Company is the United States dollar ("US dollar"). The functional currency of Gedex Exploration Inc. and Gedex Earth Inc. is the US dollar. The functional currency of Black Bay and Gedex Aviation Inc. is the Canadian dollar ("CDN dollar").

Black Bay's and Gedex Aviation Inc.'s financial statements, which are prepared in CDN dollars, are translated into US dollars as follows: assets and liabilities – at the closing exchange rate at the date of the statement of financial position, and income and expenses – at the average exchange rate for the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in the statement of loss and comprehensive loss.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities

Year Ended December 31, 2018

denominated in currencies other than the Company's functional currency are recognized in the consolidated statement of loss and comprehensive loss.

**(e) Cash and cash equivalents**

Cash and cash equivalents represent the Company's cash on hand and cashable GIC's.

**(f) Other receivables**

Other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

**(g) Inventories**

Inventories which consist entirely of raw materials are stated at the lower of cost or net realizable value with due provision recorded to reduce all damaged, wholly or partially obsolete or unusable inventories to their net realizable value (estimated selling price less estimated cost to sell). Cost is determined using the weighted-average cost formula.

**(h) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds on disposal to the carrying amount of the property, plant and equipment, and are recognized in loss and comprehensive loss. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

Property, plant and equipment are depreciated over their estimated useful lives. Useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Major categories of property, plant and equipment are depreciated using the following methods and annual rates:

Asset	Basis	Rate
Aircraft	Declining balance	20%
Computer equipment	Declining balance	30%
Computer software	Declining balance	30%
Equipment	Declining balance	20%
Leasehold improvements	Straight line	Term of Lease
Furniture and fixtures	Declining balance	25%
System-in-progress	Not depreciated	n/a



Year Ended December 31, 2018

### (i) Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Intangible assets are depreciated over their estimated useful lives at the following method and annual rate:

Asset	Basis	Rate
Computer software	Declining balance	30%

### (j) Impairment of non-financial assets

At the end of the reporting period, tangible (property, plant and equipment) and intangible assets are tested for impairment, taking into consideration events or changes in circumstances which may indicate that the carrying amount may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount is the higher of fair-value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the tangible or intangible assets or the CGU to which it relates is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount through a charge to loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

### (k) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are de-recognized when the obligations specified in the contract are discharged, cancelled or expire.

Financial assets and liabilities are classified into categories that determine their basis of measurement which include items that are measured at fair-value or items which their fair-values are recognized in the statement of loss or comprehensive loss. The categories are: fair-value through profit and loss ("FVTPL"), loans and receivables, available for sale assets, and for liabilities, amortized cost.

Year Ended December 31, 2018

All financial instruments are initially measured at fair-value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. After initial recognition, financial instruments are measured at their fair-values, except for loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest method.

Compound financial instruments issued by the Company comprise borrowings with any attached warrants that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair-value.

The liability component of a compound financial instrument is recognised initially at the fair-value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair-value of the compound financial instrument as a whole (total proceeds) and the fair-value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Financial instruments measured in the statements of financial position at fair-value are based on the following fair-value measurement hierarchies:

- Level 1 – quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liability, either directly (that is, as prices) or indirectly (that is derived from prices); and
- Level 3 – inputs for the financial asset or financial liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets and liabilities are classified and measured as follows:

Financial Asset/Liability	Classification	Measurement
Cash and cash equivalents	Loans and receivable	Amortized cost
Other receivables	Loans and receivable	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Convertible preferred share options	Other financial liabilities	Fair-value
Long-term debt	Other financial liabilities	Amortized cost

(i) Impairment of financial assets

The Company assesses whether there is objective evidence that a financial asset, other than FVTPL, is impaired at the end of each reporting period. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Year Ended December 31, 2018

(ii) De-recognition of financial assets and liabilities

Financial assets are de-recognized in total or in part, when the contractual rights making up the asset expire, or the Company substantially transfers most of the significant risks and benefits associated with ownership of the asset. Financial liabilities are de-recognized in total or part when the liability is extinguished due to cancellation or expiry of the obligation. When a debt is recognized with a lender giving rise to substantially different terms, the old debt is considered extinguished and a new liability is recognized.

(l) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

(m) Government assistance

Government advances received are recognized at fair-value when there is reasonable assurance that the Company will comply with the conditions attached to them and the advances will be received. The benefit of the below-market rate of interest is measured as the difference between the carrying value of the government loan determined in accordance with IFRS 9 *Financial Instruments: Recognition and Measurement* and the proceeds received. Advances related to purchase of assets are treated as deferred income and allocated to consolidated statement of loss and comprehensive loss over the useful lives of the related assets while advances related to expenses are treated as a reduction in research and development expenses in the consolidated statement of loss and comprehensive loss.

(n) Operating leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Revenue

Revenue for the provision of surveys and related services are recognized when delivery has occurred in accordance with the terms and conditions of the customer arrangement, the significant risks and rewards of ownership have been transferred to the customer, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(p) Research and development costs

Research costs are expensed as incurred. Development costs are expensed as incurred until the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible

Year Ended December 31, 2018

asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. To date, there is uncertainty regarding the Company's ability to meet all of these criteria and, as a result, the Company has expensed all related costs as incurred.

**(q) Interest income**

Interest income received on certain loans and receivables is recognized using the effective interest method.

**(r) Income taxes**

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

**(s) Share-based payments**

The Company has a share-based compensation plan and a restricted share unit plan, as described in Note 12. These share options and restricted share units ("RSUs") are issued to employees and others providing similar services and the directors, generally, at an exercise price equal to the fair-value of the related common shares at the time of the grant, as determined by the Board of Directors.

The fair-value of each tranche measured at the grant date is expensed on a graded basis over the vesting period, based on an estimate of options that are expected to vest with a corresponding increase in equity (contributed surplus). The fair-values of the options granted is measured using the Black-Scholes options pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, any changes in the original estimate of the options expected to vest is recognized as a stock-based compensation expense with a corresponding adjustment to contributed surplus such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

The cost of the Company's RSUs is charged to general and administrative expenses using the graded vesting method. For the RSUs that will be settled in cash, the fair-value of the vested share units is revalued at the end of each reporting period until the settlement date. The Company uses the Black-Scholes option pricing model, including its best estimate of the total number of units that will vest. The RSUs for which no obligation to settle in cash has been determined are treated as share options and recognized in equity.

Year Ended December 31, 2018

Equity-settled share-based payment transactions with parties other than employees are measured at the fair-value of the goods or services received, except where that fair-value cannot be estimated reliably, in which case they are measured at the fair-value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to common shares.

**(t) Accounting judgments and use of estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised if the revisions affect only the current period or in the period of the revision and future periods if such revisions affect both current and future periods. Although these estimates are based on management's best knowledge of the current events and actions that the Company may undertake in the future, actual results may differ from these estimates. Significant estimates are used in determining, but are not limited to, inventory valuation, property, plant and equipment, intangible assets, warrants, government loans, and share-based compensation. The following discusses the most significant accounting estimates and judgments that the Company has made in the preparation of these consolidated financial statements:

**(i) Valuation of stock-based compensation and warrants**

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for pricing models, such as expected share price volatility and current share price. Actual results could differ from these estimates. These estimates are considered for each new grant of stock options or warrants.

**(ii) Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. For the period ended December 31, 2018, management concluded that no changes were required to the useful lives of property, plant and equipment.

**(iii) Provisions**

Valuation of provisions requires management to make judgements as to the likelihood and amount of potential outflows of economic benefits. Actual results could differ from these estimates.

**(u) Severance costs**

Employee severance costs are recorded at the time when the Company ends an employment contract. Employee benefits for health and dental coverage for eligible former employees are recognized over the agreed upon periods in which these benefits apply.

Year Ended December 31, 2018

**(v) Standards and interpretations issued not yet adopted**

The following accounting standards under IFRS have been issued or revised; however, these are not yet effective and, as such, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17, Leases ("IAS 17"), IFRIC 4, Determining Whether an Arrangement contains a Lease, SIC-15, Operating Leases and SIC 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17. Other areas of the lease accounting model have been impacted, including the definition of a lease. It includes more disclosures for both lessees and lessors. Transitional provisions have been provided. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

In December 2017, the IASB issued narrow-scope amendments to International Accounting Standard 23, Borrowing Costs ("IAS 23"). The amendments to IAS 23 clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that we intended to specifically finance qualifying assets that are not ready for their intended use or sale, or any non-qualifying assets, are included in that general pool. The amendments are effective for annual reporting periods beginning on or after January 1, 2019. Early adoption is permitted. The Company does not expect the amendments to have a material impact on the financial statements.

There are no other accounting standards or interpretations under IFRS that are not yet effective that would be expected to have a material impact on the Company's financial statements.

**(w) Recently adopted accounting policies**

In July 2014, the IASB issued the complete IFRS 9, Financial Instruments ("IFRS 9"). The mandatory effective date of IFRS 9 is for periods beginning on or after January 1, 2018 and must be applied retrospectively with some exceptions. Early adoption is permitted. IFRS 9 replaces IAS 39, Financial Instruments. IFRS 9 introduces new requirements for the classification and measurement of financial assets, changes to financial liabilities, amendments to the impairment model for "expected credit loss", and a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The Company's adoption of IFRS 9 in the year ended December 31, 2018 did not have a material impact on the consolidated financial statements.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). This standard is effective for periods beginning on or after January 1, 2018. Early adoption is permitted. IFRS 15 replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations.

Year Ended December 31, 2018

This new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Company's adoption of IFRS 15 in the year ended December 31, 2018 did not have a material impact on the consolidated financial statements.

#### 4 Expenses by nature

The Company has elected to classify the expenses recognized in the consolidated financial statements based on the function of the expense as opposed to nature. The details for research and development and general and administration are as follows:

##### Research and development

	2018	2017
Salaries and benefits	\$ 1,789,084	\$ 1,893,615
Prototype materials	308,106	189,825
Consulting	217,911	187,559
Depreciation and amortization	44,222	64,358
Stock-based compensation	-	77,376
	<b>\$ 2,359,323</b>	<b>\$ 2,412,733</b>

##### General and administration

	2018	2017
Salaries and benefits	\$ 692,771	\$ 467,406
Consulting	496,614	259,946
Professional fees	408,626	387,554
Office and general	335,749	328,679
Rent	317,800	297,162
Travel and entertainment	153,607	112,077
Stock-based compensation	82,045	335,051
Depreciation and amortization	39,953	27,872
Foreign exchange (gain)	(317,217)	208,895
	<b>\$ 2,209,948</b>	<b>\$ 2,424,642</b>

**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
(Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

**5 Property, plant and equipment**

	Aircraft	Computer Equipment	Computer Software	Equipment	Leasehold Improvements	Furniture and Fixtures	System-in-progress	Total
<b>At December 31, 2017</b>								
Cost	\$ 958,934	\$ 345,265	\$ 131,510	\$ 1,083,455	\$ 307,951	\$ 258,020	\$ 42,740	\$ 3,125,875
Accumulated depreciation	(908,407)	(312,115)	(91,991)	(897,283)	(307,951)	(229,793)	-	(2,747,540)
Net book value	\$ 50,527	\$ 33,150	\$ 39,519	\$ 186,172	\$ -	\$ 28,227	\$ 42,740	\$ 378,335
<b>At January 1, 2018</b>	\$ 50,527	\$ 33,150	\$ 39,519	\$ 186,172	\$ -	\$ 28,227	\$ 42,740	\$ 378,335
Additions	-	21,259	9,952	6,173	-	-	-	37,384
Depreciation for the period	(10,108)	(13,134)	(13,349)	(37,852)	-	(6,556)	-	(80,997)
Closing net book value	\$ 40,421	\$ 41,275	\$ 36,122	\$ 154,493	\$ -	\$ 19,671	\$ 42,740	\$ 334,722
<b>At December 31, 2018</b>								
Cost	\$ 958,934	\$ 366,524	\$ 141,462	\$ 1,089,628	\$ 307,951	\$ 258,020	\$ 42,740	\$ 3,163,259
Accumulated depreciation	(918,513)	(325,249)	(105,340)	(935,135)	(307,951)	(235,349)	-	(2,828,537)
Net book value	\$ 40,421	\$ 41,275	\$ 36,122	\$ 154,493	\$ -	\$ 19,671	\$ 42,740	\$ 334,722

The Company is a party to a loan, mortgage and security agreement in respect of an aircraft (Note 7).

**6 Intangible assets**

	Computer Software
<b>At December 31, 2017</b>	
Cost	\$ 157,333
Accumulated Amortization	(146,738)
Net book value	\$ 10,595
<b>At January 1, 2018</b>	\$ 10,595
Amortization	(3,178)
Closing net book value	\$ 7,417
<b>At December 31, 2018</b>	
Cost	\$ 157,333
Accumulated Amortization	(149,916)
Net book value	\$ 7,417

**7 Short-term debt**

Short-term debt consists of the following:

	2018	2017
Aircraft loan (a)	81,165	225,469
FedDev Loan (b)	263,952	-
FCMI loan (c)	10,280,433	10,280,433
	<u>10,625,550</u>	<u>10,505,902</u>



Year Ended December 31, 2018

**a) Aircraft loan**

In May 2004, the Company entered into a loan and security agreement for \$945,000 to finance the acquisition of an aircraft. The loan payable bears interest at a fixed rate of 10% per annum and is secured by a lien on the aircraft. There are no financial covenants associated with the loan. On April 3, 2018 the Company entered into an agreement to increase the outstanding loan from \$168,061 to \$468,061. The repayment terms are \$9,945 per month over a five-year period with a final installment amount of \$9,945 and the due date is April 1, 2023. During the period ended December 31, 2018, the Company incurred \$30,513 (December 31, 2017 - \$31,153) of interest expense related to the loan. At December 31, 2018, the amortized cost of the loan was \$421,757 (December 31, 2017: \$225,469).

**(b) FedDev Loan**

On August 18, 2011, the Company entered into a contribution agreement with the Federal Economic Development Agency for Southern Ontario ("FedDev"), under the Prosperity Initiative program. This agreement, as amended, provides partial funding to a maximum aggregate amount of CDN \$6,850,000 in support of accelerating testing and commercial scaling of the HD-AS<sup>TM</sup> technology. On March 31, 2013 the agreement was amended to provide advances being disbursed monthly at a rate of 33.3% for all eligible costs up to March 31, 2014. On June 16, 2017, the agreement was further amended to extend the completion date from November 30, 2016 to December 31, 2017 and extend the loan repayment date from April 1, 2017 to January 1, 2019.

Amounts advanced are repayable in 60 monthly instalments commencing on January 1, 2019. Installments of CDN \$30,000 are due the first 12 months, CDN \$60,000 the next 12 months and CDN \$114,886 for the remainder of the 36 months. The loan may, at any time and without penalty, be repaid in full, for the full amount of the principal payment then outstanding. On June 11, 2018, the holdback of \$331,361 was paid. As at December 31, 2018, CDN \$6,591,555 (December 31, 2017: CDN \$6,165,000) was advanced under the contribution agreement.

For accounting purposes, the loan must be recognized at fair-value on initial recognition. As the amendment significantly changed the repayment terms, the loan was extinguished and revalued as at June 16, 2017 to \$3,432,638. The difference in fair-value resulted in a reduction of financing costs of \$712,846 from the original fair-value. Interest expense was adjusted to reflect the change in the repayment terms. The difference between the initial carrying value of the government loan and the actual funds received was booked as a benefit and treated as a reduction in the research and development expenses. As at December 31, 2018 the Company recorded \$NIL (December 31, 2017: \$125,570) as other amounts receivable from FedDev. The long-term portion of the loan is \$2,941,155 (Note 9).

**(c) FCMI Loan**

On November 14, 2013, the Company entered into a loan and security agreement with FCMI Parent Co. as lead lender and as agent for the other lenders under the loan. The principal amount of the loan ("FCMI Loan"), \$5,000,000, is repayable at any time and bears no interest. The loan is secured by a first charge on all the assets of the Company with the exception of the aircraft and the investment tax credits receivable. In addition, for every \$1.00 principal amount advanced by the lenders, the lenders received 3 warrants each having a five-year term and exercisable for one Class A common share of the Company at an exercise price of \$1.10. Transaction costs of \$591,967 were applied against the loan.

Year Ended December 31, 2018

On March 17, 2015, the Company entered into new financing arrangements with FCMI to provide additional funding up to \$4.0 million. The financing arrangements state that FCMI will receive 134,000,000 warrants, each having a five-year term and exercisable for one Class A common share of the Company at an exercise price of nil. The warrants vest in proportion to the funded amount to the maximum total. On August 24, 2015, FCMI exercised 88,775,000 warrants and on December 7, 2015 FCMI exercised 45,225,000 warrants. As at December the amortized cost of the loan \$10,280,433. The loan is due January 31, 2019.

## 8 Deferred revenue

In the normal course of business, the Company enters into strategic partnership agreements. Certain of these arrangements provide for strategic partners prepaying for system access. As of December 31, 2018, the Company has received \$5,552,906 (December 31, 2017: \$5,561,049) as prepayment for the provision of future high-definition gravity gradiometric surveys to strategic partners. These amounts have been recorded as deferred revenue. A portion of the deferred revenue was transferred to include rights to a specific patent. The prepayment is amortized over the life of patent.

## 9 Long-term debt

Long-term debt consists of the following:

	2018	2017
Aircraft Loan (Note 7a)	340,592	-
FedDev Loan (Note 7b)	2,941,155	2,894,140
	3,281,747	2,894,140

## 10 Share Capital

Authorized:

- Unlimited Preferred Shares, non-cumulative and non-voting, to be issued in series with attributes designated by each respective series and redeemable at the redemption price per share together with all dividends declared thereon and unpaid. Issued none.
- Unlimited Class A Common Shares – Each class A common share shall confer the right to one vote in per or by proxy at all meetings of shareholders of the Company.
- Unlimited Class B Common Shares – Each class A common share shall confer the right to one vote in per or by proxy at all meetings of shareholders of the Company.
- Unlimited Class B Convertible Preferred Shares – Each convertible preferred share shall be entitled to a number of votes equal to the number of class B Convertible Preferred Share.

**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
 (Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

**(a) Convertible Preferred Shares**

	2018	2017
Class B convertible preferred shares	\$ -	\$ 12,684,019

On November 30, 2010, the Company completed a strategic alliance with 50 King Capital Exploration Inc. ("50 King"). In connection with this transaction, the Company issued to 50 King convertible preferred shares, which are classified as equity.

The convertible preferred shares contained a negative pledge entitling 50 King to exchange its convertible preferred shares for debt having security ranking higher than the preferred shares where the Company issues more than \$5,000,000 of such debt. The terms of the convertible preferred shares also contain a price protection provision in the event the Company issues common shares at less than \$1.00. Under IFRS, these terms are considered derivative liabilities which must be fair-valued and re-measured each period with the change in fair-value recognized in the consolidated statement of loss and comprehensive loss. However, due to the uncertainty inherent in estimating the likelihood and amount of potential outflows of economic benefits, it is not possible to calculate meaningful fair-values for these derivatives and therefore no amounts have been recorded.

On May 15, 2018 the Subscription Agreement between Gedex and 50 King was terminated. On this date, 50 King converted 13,000,000 convertible preferred shares of Gedex into 3,250,000 class B common shares in accordance with the terms of such convertible preferred shares. In connection with the termination of the Subscription Agreement, the parties agreed that a final number of 74,586 Class B Common shares be issued to 50 King pursuant to the Subscription Agreement.

**(b) Common shares**

	Number of shares	Amount
Balance, December 31, 2017	47,064,798	\$ 47,023,293
Shares Issued	6,112,314	15,832,566
Balance, December 31, 2018	53,177,112	\$ 62,855,859

On January 1, 2018, the Class A common shares and Class B common shares, warrants and options of Gedex Systems Inc. were consolidated on a 10 for 1 basis. Computershare was retained as transfer agent.

On June 30, 2017 the Company issued 100,000 for the each of the periods December 31, 2016 and June 2017 and on December 31, 2017 the Company issued 100,000 shares to 50 King as per the subscription agreement. On May 15, 2018, 74,586 Class B common shares were issued as a final issuance on termination of the Subscription Agreement.

**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
 (Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

**(c) Warrants**

A summary of the Company's warrants is presented below:

	Number of warrants	Weighted average exercise price of options
Outstanding, December 31, 2017	5,721,573	\$ 7.82
Warrants Exercised	(13,636)	1.10
Expired or cancelled	(1,517,500)	10.94
<b>Outstanding, December 31, 2018</b>	<b>4,190,437</b>	<b>\$ 6.71</b>

As at December 31, 2018, the following warrants are outstanding:

	Number of warrants	Exercise price	Expiry date
Common share purchase warrants	7,500	11.00	April 24, 2019
Common share purchase warrants	7,898	11.00	April 25, 2019
Common share purchase warrants	9,231	11.00	April 25, 2019
Common share purchase warrants	23,251	11.00	April 25, 2019
Common share purchase warrants	60,000	11.00	April 25, 2019
Common share purchase warrants	120,000	11.00	April 25, 2019
Common share purchase warrants	240,000	11.00	May 26, 2019
Common share purchase warrants	480,000	11.00	May 26, 2019
Common share purchase warrants	229,296	11.00	June 16, 2019
Common share purchase warrants	128,028	11.00	June 16, 2019
Common share purchase warrants	150,955	11.00	July 14, 2019
Common share purchase warrants	198,727	11.00	July 14, 2019
Common share purchase warrants	146,154	11.00	August 12, 2019
Common share purchase warrants	205,128	11.00	August 12, 2019
Common share purchase warrants	178,886	11.00	September 10, 2019
Common share purchase warrants	161,485	11.00	September 10, 2019
Common share purchase warrants	208,395	11.00	October 23, 2019
Common share purchase warrants	116,829	11.00	November 12, 2019
Common share purchase warrants	2,500	4.00	March 10, 2020
Common share purchase warrants	4,000	4.00	May 21, 2020
Common share purchase warrants (i)	1,804,190	1.10	January 29, 2019
Common share purchase warrants (ii)	7,984	1.38	December 14, 2019
<b>Outstanding, December 31, 2018</b>	<b>4,190,437</b>	<b>\$ 6.71</b>	

- (i) On September 22, 2017, 1,817,826 were issued in connection with the September 2017 equity raise. For each share purchased a warrant was granted giving the holder thereof the right to purchase one Class A common share in the capital of the Corporation at an exercise price of US\$1.10 per common share at any time up to September 30, 2018. On November 30, 2018, the anniversary date was extended to January 29, 2019. Accordingly, as at December 31, 2018, 1,804,190 of these warrants were outstanding. Of the total 13,636 were exercised on November 30, 2018.

Year Ended December 31, 2018

- (ii) On December 31, 2017, in consideration for raising equity, 7,985 warrants were issued granting the holder thereof the right to purchase one Class A common share in the capital of the Corporation at an exercise price of US\$1.38 per common share at any time up to and including the fifth anniversary of the offering date. Accordingly, as at December 31, 2018, 7,984 of these warrants were outstanding.

On April 24 and 25, 2019, a total of 227,880 warrants expired.

## 11 Contributed surplus

	2018	2017
Balance, December 31, 2017	10,867,429	10,766,079
Stock-based compensation		201,350
Balance, December 31, 2018	10,967,429	10,967,429

## 12 Share-based payments

The Company has reserved 10% of its common shares outstanding from time to time for issuance under its stock option and RSU plan. Under this plan, stock options are non-assignable and may be granted for terms up to five years from their issue date. In general, stock options vest over a three-year period, with one third of the shares underlying such options vesting upon grant and one third becoming exercisable on the subsequent two anniversaries of the issue. For options grants that have vesting conditions contingent on attaining specific milestones, the related expenses are estimated and recognized over the corresponding service periods. The expected volatility is based on historical volatility of comparable companies.

On November 23, 2011 the stock option plan was amended to include a cashless exercise of options. In lieu of paying the exercise price to purchase shares, an option holder may elect to surrender an applicable portion of the then vested and exercisable options to the company set by a predetermined formula.

As at December 31, 2018, 1,658,850 (December 31, 2017: 1,390,218) stock options were vested. Stock option transactions for the period are as follows:

	Number of options	Weighted average exercise price of options
Balance December 31, 2017	1,658,850	1.00
Balance December 31, 2018	1,658,850	1.00

**Gedex Systems Inc.**  
Consolidated Financial Statements  
(Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

The following table summarizes information regarding stock options outstanding as at December 31, 2018.

Weighted average exercise price per share	Stock options outstanding		Expiry date	Stock options exercisable		
	Number outstanding	Weighted average remaining life (years)		Number exercisable	Weighted average remaining life (years)	
\$	1.00	1,658,850	3.22	3/21/21	1,390,218	3.22
As at December 31, 2017	1.00	1,658,850	3.22		1,390,218	3.22
\$	1.00	1,658,850	2.22	3/21/21	1,658,850	2.22
As at December 31, 2018	1.00	1,658,850	2.22		1,658,850	2.22

The following assumptions were used to value the stock-based compensation:

	2018	2017
Risk-free interest rate	0.53%	0.53%
Dividend yield	Nil	Nil
Expected life of options	2.22	3.22
Volatility	0.41%	0.41%

### 13 Related-party transactions

As of December 2018, the Company's principal shareholder is FCMI Parent Co. Inc. The remaining shares are widely held by strategic investors, key management, employees and other investors.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The following transactions were carried out with related parties:

(i) Key management personnel

Key management includes directors (executive and non-executive) and members of the Board of Directors. The compensation paid or payable to key management for employee services is shown below:

	2018	2017
Salaries and other short-term employee benefits	1,163,805	913,401
	\$ 1,163,805	\$ 913,401

Salaries and other short-term benefits include consulting fees.

(ii) FCMI Loan

The loan payable to certain directors, employees and consultants to the Company is secured by a first charge on all the assets of the Company with the exception of the aircraft and the income tax credits receivable.

Year Ended December 31, 2018

	2018		2017	
FCMI loan	\$	10,280,433	\$	10,280,433

Under the FCMI loan agreement as at December 31, 2018: 2,718,428 (December 31, 2017: 3,864,261) warrants were issued and outstanding to certain directors, employees and consultants and entities controlled by key management personnel.

#### 14 Capital Management

The Company's objectives of capital management are to safeguard the entity's ability to continue as a going concern and to continue the development of technologies for use in airborne and ground-based resource discovery systems. The capital of the Company is considered to consist of the items included in shareholders' equity. Risk and capital management are monitored by the Board of Directors. Adjustments to the capital structure are made as necessary depending on economic conditions and the Company's objectives. In order to complete its HD-AGG® system, the Company will spend its existing working capital and raise additional financing as needed. There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

#### 15 Financial Instruments

##### a) Fair-values and assumptions

Due to their short term to maturity, the carrying values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and current portion of long-term debt approximate their fair-values.

Long-term debt is measured at amortized cost using the effective interest method less impairment. The amortized cost approximates the fair-value of the debt.

As at December 31, 2018 there were no instruments measured at fair-value in the statement of financial position.

##### b) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

##### Foreign currency risk

Foreign currency risk arises because of fluctuations in foreign currency exchange rates. The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding Canadian dollar cash balances to the extent practical in order to match Canadian dollar obligations. The monetary assets and liabilities that are denominated in Canadian dollars are affected by changes in the exchange rate between the US dollar and the Canadian dollar. The Company recognized a foreign currency exchange gain during the year of \$317,217 (December 31, 2017: loss \$208,925).

Year Ended December 31, 2018

As at December 31, 2018, the Company had net monetary liabilities denominated in foreign currencies of \$3,436,181 (CDN\$4,686,553) December 31, 2017: \$3,415,147 (CDN \$4,299,027). If a 10% change in foreign currency exchange rates were to occur, the foreign currency exchange gain or loss on the Company's net monetary liabilities could be valued at plus or minus \$343,618 (December 31, 2017: \$341,515) due to the fluctuation and this would be recorded in the consolidated statement of loss and comprehensive loss.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. During the current economic climate, in which borrowing is relatively difficult, this risk is compounded. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet liabilities when due.

The Company is active in securing new commercial contracts, debt and equity facilities and issuances to ensure its liquidity throughout its final development stage in advance of commercializing its revenue capacity.

As at December 31, 2018, the Company has cash and cash equivalents of \$1,117,247 (December 31, 2017: \$2,754,995) to settle current liabilities of \$10,875,354 (December 31, 2017: \$11,027,327).

The table below analyzes the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At December 31, 2018</b>				
Borrowings	10,625,550	1,365,179	1,916,568	-
Trade and other payable	249,804	-	-	-
	10,875,354	1,365,179	1,916,568	-
<b>At December 31, 2017</b>				
Borrowings	10,505,902	974,206	1,461,309	487,102
Other financial liabilities	-	-	-	-
Trade and other payable	521,526	-	-	-
	11,027,428	974,206	1,461,309	487,102

### Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. As at December 31, 2018, the Company does not have any interest bearing long-term debt and, hence, is not subject to interest rate risk on long-term debt. If a 5% change in interest rates were to occur, the impact on cash and long-term debt and the related income and expense for the period would not be material. All forms of debt considered by the management and the Board of Directors is characterized as fixed rate and term in nature and as such will not be subject to volatility in rates.



**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
 (Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet a contractual obligation. None of the accounts-receivable were past due or impaired as at December 31, 2018. The Company maintains its cash balances with reputable financial institutions. As of December 31, 2018, the credit rating of the bank the Company held accounts in was A+ based on Standard & Poor's rating (December 31, 2017: A+).

**c) Financial instruments by category**

	Loans and receivables	Assets at fair value through profit and loss	Total
Assets as per statements of financial position			
Cash and cash equivalents	1,117,247	-	1,117,247
Other receivables	74,095	-	74,095
Other assets	90,144	63,829	153,973
<b>Total</b>	<b>1,281,486</b>	<b>63,829</b>	<b>1,345,315</b>

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
Long-term debt	-	3,281,747	3,281,747
Other liabilities	-	10,625,550	10,625,550
Trade and other payables	-	249,804	249,804
<b>Total</b>	<b>-</b>	<b>14,157,101</b>	<b>14,157,101</b>

**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
 (Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

**16 Income taxes**

**(a) Recognized deferred tax assets and liabilities:**

Deferred tax assets and liabilities are attributable to the following:

	2018	2017
Deferred tax assets:		
Income tax loss carryforwards	1,617,619	1,587,820
Deferred tax liabilities:		
Tax on Investment Tax Credit	(834,195)	(728,589)
FedDev Loan	(783,424)	(859,231)
	(1,617,619)	(1,587,820)
	-	-

The net movement of the deferred tax assets and liabilities was as follows:

	2018	2017
Deferred tax asset-net, beginning of year		
Income tax loss carryforwards	29,799	138,131
Tax on Investment Tax Credit	(105,606)	(115,738)
FedDev Loan	75,807	(22,393)
	-	-

**(b) Unrecognized deferred tax assets:**

	2018	2017
Income tax loss carryforwards	\$ 8,293,612	\$ 8,960,935
SR&ED pool	7,309,537	6,810,129
Property and equipment	9,997	22,671
Intangible assets	22,017	23,280
Ontario Research and Development Tax Credit	769,070	672,709
Investment tax credits	3,147,907	2,749,387
Deferred Revenue	1,462,270	-
Other deductible temporary differences	15,333	36,432
	\$ 21,029,743	\$ 19,275,543

Deferred tax assets have not been recognized in respect of the above-noted items because it is not probable that future taxable income will be available against which the Company can utilize the benefits therefrom.

**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
 (Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

**(c) Tax loss expiry schedule:**

At December 31, 2018, the Company has unused tax loss carryforwards which expire as follows:

2026	\$	873,218
2027	\$	2,597,882
2028	\$	2,209,844
2029	\$	2,476,881
2030	\$	3,687,779
2031	\$	5,102,338
2032	\$	4,307,787
2033	\$	2,122,964
2034	\$	2,969,113
2035	\$	460,436
2036	\$	1,755,477
2037	\$	8,442,207
2038	\$	292,945
	\$	37,400,871

**17 Commitments and contingencies**

**Royalties**

The Company has acquired licences for certain technologies under agreements that permit the Company to utilize and further develop the HD-AGG® system. Royalties totalling approximately \$2.00 for each billable line kilometre will be payable based on usage when these technologies become ready for commercial use.

**Commitments**

The Company has entered into agreements with strategic partners which, in return for financial and other assistance received with respect to the Company's technology development program, provide the strategic partners with certain preferential rights with respect to access to early systems and pricing. These rights are contingent on the Company achieving certain development milestones, as set out in the agreements.

**Operating leases**

During the year ended December 31, 2018, the Company recognized rent expense of \$317,800 (December 31, 2017: \$297,162) in net loss and comprehensive loss. The table below represents the Company's operating lease commitments in respect of leased premises, which require minimum annual payments.

**Gedex Systems Inc.**  
**Consolidated Financial Statements**  
 (Expressed in US dollars, unless otherwise indicated)

Year Ended December 31, 2018

	2018	2017
Less than 1 year	235,397	125,205
Between 1 to 5 years	151,789	-
<b>Total</b>	<b>387,186</b>	<b>125,205</b>

On April 28, 2015, the Company reached an agreement on similar terms to the previous lease which combined the previous lease on 407 Matheson Blvd. E. and the sublease on 403 Matheson Blvd. E. commencing August 1, 2015 and expiring on July 31, 2018. On August 15, 2018 the Company reached an agreement on similar terms to the previous lease which expires July 31, 2020.

The Company has been leasing the hangar on a month to month basis until March 9, 2015 when Gedex entered into a hangar sub-lease with HBD Holdings Limited. The term of the lease is for 36 months commencing the March 9, 2015 and ending February 1, 2018. On February 1, 2018 the hangar lease was extended under the same terms for another 3 years.

On December 14, 2017, the Company entered into a truck lease agreement with Ford Credit. The lease term is for two years with the final payment due on November 13, 2019. In 2018, the Company recognized \$6,546 (2017 - \$701) as automobile lease costs.

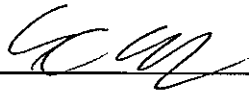
#### 18 Segment reporting

The Company has determined to have only one operating segment. The president is responsible for allocating resources and assessing performance of this operating segment.

CONFIDENTIAL Not For Distribution

**TAB 4**

This is Exhibit "4" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, consisting of stylized cursive letters, is written over a horizontal line.

A Commissioner, etc.

## AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Amended and Restated Loan and Security Agreement is made as of December 14, 2015, by and between **GEDEX SYSTEMS INC.**, a corporation existing under the *Business Corporations Act* (British Columbia) (the "**Debtor**"), **GEDEX TECHNOLOGIES INC.** ("**GTI**"), **GEDEX AVIATION INC.** ("**GAI**"), **BLACK BAY MINERALS CORPORATION** ("**BBMC**"), and together with the Debtor, GTI and GAI, the "**Debtor Parties**") and **FCMI PARENT CO.**, in its capacity as administrative agent (in such capacity, the "**Agent**" and in its corporate capacity, "**FCMI**") for and on behalf of the Lenders, **FCMI PARENT CO.**, as a lender, and the other lenders from time to time party hereto (the "**Lenders**").

### **RECITALS:**

WHEREAS the Agent and the Lenders have made available certain loans and other credit accommodations to the Debtor Parties pursuant to a Loan and Security Agreement dated as of November 14, 2013, as amended by amending agreements dated January 31, 2014, April 25, 2014, February 4, 2015 and March 17, 2015 (collectively, the "**Original Loan and Security Agreement**");

AND WHEREAS the Debtor Parties, the Agent and the Lenders wish to amend and restate the Original Loan and Security Agreement in its entirety to permit the advance of an additional tranche of funds to the Debtor;

For good and valuable consideration, the receipt and adequacy of which are acknowledged by each of the Debtor Parties, the Debtor Parties agree with the Agent (for itself and for the benefit of the Lenders) and the Lenders as follows:

1. **Definitions.** In this Agreement the following terms have the following meanings:

"**Accessions**", "**Account**", "**Certificated Security**", "**Chattel Paper**", "**Consumer Goods**", "**Document of Title**", "**Equipment**", "**Goods**", "**Instrument**", "**Intangible**", "**Inventory**", "**Investment Property**", "**Money**", "**Proceeds**", "**Security**", and "**Security Certificate**" have the meanings given to them in the PPSA.

"**Additional Tranche**" has the meaning assigned to it in Section 2(a)(iv).

"**Additional Tranche Commitment**" means, at any time, in respect of an Additional Tranche, the aggregate of all Lender's Loan Commitments in respect of such Additional Tranche as designated on Schedule A hereto from time to time.

"**Additional Tranche Drawdown Date**" shall mean, for each Additional Tranche, the date directed by the Agent and the participating Lenders on which such Additional Tranche is to be advanced to the Debtor.

"**Additional Tranche Loan**" means the advances made under the credit facility by the Lenders to the Debtor on one or more Additional Tranche Drawdown Date(s) as determined pursuant to Section 2(a)(iv).

**"Affiliate"** means an entity (the **"first entity"**) that is the Affiliate of another entity (the **"second entity"**) where the second entity controls the first entity, or the first entity controls the second entity or both entities are controlled by the same person or entity and for these purposes "control" is the power whether by contract or ownership of equity interests to select a majority of the board of directors or other supervisory management authority of an entity, whether directly or indirectly through a chain of entities that are "controlled" within the foregoing meaning.

**"Agent"** means FCMI, acting in its capacity as administrative agent for the Lenders under this Agreement, or any successor administrative agent appointed pursuant to this Agreement.

**"Agreement"** means this agreement, including the Schedules and recitals to this agreement, as amended, supplemented, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

**"Aircraft Loan, Mortgage and Security Agreement"** means the Aircraft Loan, Mortgage and Security Agreement dated as of May 21, 2004 between the Debtor and MBHD Holdings Ltd., as amended and extended by agreements dated March 24, 2009, April 26, 2010, May 31, 2011, May 31, 2012, April 4, 2013, September 11, 2013, November 14, 2013 and May 29, 2015.

**"Aircraft Property"** means the Personal Property described in Schedule F hereto.

**"Books and Records"** means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Personal Property of any Debtor Party which are at any time owned by a Debtor Party or to which a Debtor Party (or any Person on its behalf) has access.

**"Bridge Loan"** means the loans and advance made under the Loan and Security Agreement made as of August 23, 2013 between the Debtor, as borrower, each of the other Debtor Parties, Paul Traynor Lewitt, acting in his capacity as administrative agent for the benefit of the lenders, and each of the lenders party thereto, as amended by an amending agreement dated October 4, 2013.

**"Bridge Loan Lender"** means a "Lender", as such term is defined in the Bridge Loan.

**"Business Day"** means any day other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario.

**"Business of the Debtor Parties"** means the business of exploration technology, and in particular gravimetry and gravity gradiometry and activities related thereto.

**"Change of Control"** means the occurrence of any of the following after the date hereof:

- (a) any Person, group of Persons or Persons acting jointly or in concert (other than FCMI) acquiring or otherwise obtaining beneficial ownership (whether directly or indirectly and by whatever means) of (i) more than 50% of the voting shares or



ownership interests of the Debtor, or (ii) all or substantially all of the assets of the Debtor;

- (b) any Person, group of Persons or Persons acting jointly or in concert (other than FCMI) succeeding in having a sufficient number of nominees elected to the board of directors of the Debtor such that such nominees, when added to any existing director remaining on the board of directors of the Debtor after such election who is a nominee of such Person or Persons acting jointly or in concert, will constitute a majority of the board of directors of the Debtor;
- (c) any transaction or series of transactions resulting in any Debtor Party (other than BBMC) ceasing to be a wholly-owned Subsidiary of the Debtor;
- (d) any transaction or series of transactions resulting in the Debtor ceasing to own at least 80% of the voting securities of BBMC; or
- (e) any other merger, consolidation, amalgamation, arrangement or other transaction that results in any Person, group of Persons or Persons acting jointly or in concert (other than FCMI) having Control of any of the Debtor Parties.

**“Collateral”** means all of the present and future:

- (a) undertaking of each Debtor Party;
- (b) Personal Property of each Debtor Party (including the Aircraft Property and any other Personal Property that may be described in any Schedule to this Agreement or any other Loan Document or any schedules, documents or listings that a Debtor Party may from time to time provide to the Agent or any Lender in connection with this Agreement); and
- (c) real property of a Debtor Party (including any real property that may be described in any Schedule to this Agreement or any other Loan Document or any schedules, documents or listings that a Debtor Party may from time to time provide to the Agent or any Lender in connection with this Agreement and including all fixtures, improvements, buildings and other structures placed, installed or erected from time to time on any such real property),

of the Debtor Parties, including Books and Records, Contracts, Intellectual Property Rights, Securities and Permits, and including all such property in which a Debtor Party now has any right, title or interest or in the future acquires any right, title or interest whatsoever, whether owned, leased, licensed, possessed or otherwise held by a Debtor Party, and all Proceeds of any of the foregoing, wherever located; where the context permits, any reference to **“Collateral”** shall be deemed to be a reference to **“Collateral or any part thereof”**.

**“Commitment”** means, at any time, in respect of the applicable Loan, the Tranche A Commitment, the Tranche B Commitment, the Tranche C Commitment, the Tranche D Commitment and any Additional Tranche Commitment from time to time in respect of advances

under a particular Additional Tranche Loan from time to time in respect of advances under a particular Additional Tranche Loan.

**“Contracts”** means all contracts and agreements to which a Debtor Party is at any time a party or pursuant to which a Debtor Party has at any time acquired rights, and includes (a) all rights of a Debtor Party to receive money due and to become due to it in connection with a contract or agreement, (b) all rights of a Debtor Party to damages arising out of, or for breach or default with respect to, a contract or agreement, and (c) all rights of a Debtor Party to perform and exercise all remedies in connection with a contract or agreement.

**“Contribution Agreement”** has the meaning assigned to it in Section 6(o).

**“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise; **“Controlling”** and **“Controlled”** have corresponding meanings.

**“Controlled Goods Program”** means the Public Works and Government Services Canada “Controlled Goods Program”.

**“Debt”** of any Person means, at any time, (without duplication), (a) all items which would then be classified as liabilities on that Person’s consolidated balance sheet, or the notes thereto; and (b) (i) all obligations of such Person for borrowed money including borrowings of commodities and the issuances of any reimbursement obligations in respect of, bankers’ acceptances, letters of credit or letters of guarantee; (ii) all obligations of such Person for the deferred purchase price of property or services represented by a note or other evidence of indebtedness (other than trade payables and other current liabilities incurred in the ordinary course of business); (iii) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (iv) all indebtedness of another Person secured by an Encumbrance on any properties or assets of such Person; (v) all capital leases of such Person; (vi) the aggregate amount at which any shares in the capital of such Person which are redeemable or retractable at the option of the holder may be retracted or redeemed for cash or Debt provided all conditions precedent for such retraction or redemption have been satisfied; (vii) all other obligations of such Person upon which interest charges are customarily paid by such Person; and (viii) all guarantees of any of the foregoing by such Person;

**“Espresso Capital”** means Espresso Capital Tax Credit Fund III Limited Partnership.

**“Espresso Capital Loan and Security Documents”** means, collectively, that certain Loan Agreement dated April 30, 2013 between GTI and Espresso Capital, as amended as of June 28, 2013, October 21, 2013, January 31, 2014, November 26, 2014 and January 13, 2015 as further amended from time to time, the General Security Agreement dated April 30, 2013 made by GTI in favour of Espresso Capital, the Guarantee dated April 30, 2013 made by the Debtor in favour of Espresso Capital and the General Security Agreement dated October 21, 2013 made by the

Debtor in favour of Espresso Capital and all replacements, renewals and substitutions for such loan and security documents.

**“Event of Default”** means the occurrence of any of the following events or conditions:

- (a) the Debtor does not pay any of the Secured Liabilities when due;
- (b) a Debtor Party does not observe or perform any of its obligations under this Agreement or under any of the other Loan Documents and such failure remains unremedied for 10 days following notice of such failure;
- (c) any representation, warranty or statement made by or on behalf of a Debtor Party to the Agent or any Lender in this Agreement or any other Loan Document is untrue in any material respect when made and, if the circumstances giving rise to the incorrect representation, warranty or statement are capable of modification or rectification (such that, thereafter the representation, warranty or statement would be true), the representation, warranty or statement remains uncorrected for a period of 10 days after the earlier of (A) receipt of notice by the Debtor and (B) the actual knowledge of the Debtor Party;
- (d) a Debtor Party ceases or threatens to cease to carry on in the normal course all or any material part of the Business of the Debtor Parties;
- (e) the Debtor or any other Debtor Party shall fail to pay the principal of or premium or interest on any indebtedness or other liabilities (excluding the Secured Liabilities hereunder) which is outstanding in an aggregate principal or notional amount exceeding \$100,000 (or the equivalent amount in any other currency), when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness or other liabilities whether or not such default has been waived by the applicable creditor; or any other event shall occur or condition shall exist, and shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to any such indebtedness or other liabilities whether or not such default has been waived by the applicable creditor, if the effect of such event is (or if waived, would have been) to accelerate, or permit the acceleration of such indebtedness or other liabilities; or any such indebtedness or other liabilities shall be declared to be due and payable in accordance with its terms prior to the stated maturity thereof;
- (f) any process of execution is enforced or levied upon all or in excess of \$100,000 (or the equivalent amount in any other currency) of the Collateral of any Debtor Party;
- (g) any judgment or order for the payment of money in excess of \$100,000 (or the equivalent amount in any other currency) shall be rendered against the Debtor or any other Debtor Party;

- (h) if the Debtor or any other Debtor Party:
  - (i) becomes insolvent, or generally does not or becomes unable to pay its debts or meet its liabilities as the same become due, or admits in writing its inability to pay its debts generally, or declares any general moratorium on its indebtedness, or proposes a compromise or arrangement between it or any class of its creditors;
  - (ii) commits an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or under analogous foreign law, or makes an assignment of its property for the general benefit of its creditors under such Act or under analogous foreign law, or makes a proposal (or files a notice of its intention to do so) under such Act or under analogous foreign law;
  - (iii) institutes any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of its or its debts or any other relief, under any federal, provincial or foreign law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any applicable corporations legislation) or at common law or in equity, or files an answer admitting the material allegations of a petition filed against it in any such proceeding;
  - (iv) applies for the appointment of, or the taking possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official for it or any substantial part of its property; or
  - (v) threatens to do any of the foregoing, or takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in this paragraph (h) or otherwise acts in furtherance thereof or fails to act in a timely and appropriate manner in defence thereof;
- (i) any petition is filed, application made or other proceeding instituted against or in respect of the Debtor or any other Debtor Party and the proceeding remains undismissed or unstayed for a period of 30 days:
  - (i) seeking to adjudicate it an insolvent;
  - (ii) seeking a receiving order against it under the *Bankruptcy and Insolvency Act* (Canada) or under analogous foreign law;
  - (iii) seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of

proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief under any federal, provincial or foreign law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any applicable corporations legislation or at common law or in equity); or

- (iv) seeking the entry of an order for relief or the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official for it or any substantial part of its property;
- (j) any other event occurs which, under the laws of any applicable jurisdiction, has an effect equivalent to any of the events referred to in either paragraphs (h) or (i) of this definition;
- (k) there shall occur a Change of Control;
- (l) any of the Loan Documents executed and delivered by or any Credit Party shall, except as a result of the acts or omissions of the Lenders, cease to be in full force and effect;
- (m) the occurrence of any event which has a Material Adverse Effect;
- (n) a Debtor Party, challenges or threatens to challenge the validity or enforceability of this Agreement or any of the other Loan Documents; or
- (o) the Debtor or any shareholder or group of shareholders of the Debtor receives an offer to purchase 75% or more of the issued and outstanding shares of the Debtor on a non-diluted basis or all or substantially all of the assets of the Debtor from any Person that is not an Affiliate of FCMI, that FCMI, in its sole and absolute discretion, believes is a fair and reasonable offer, and such offer is not accepted by sufficient shareholders of the Debtor or is not approved in accordance with the Debtor's constating documents, or any such accepted and approved offer is not consummated due to the action or inaction of the Debtor and the shareholders of the Debtor for any reason.

**"Existing Defaults"** means the Events of Default arising under this Agreement from the failure of the Debtor to comply with Section 15(f) of this Agreement.

**"Existing FCMI Warrants"** means the existing warrants of the Debtor held by FCMI obtained pursuant to this Agreement prior to March 17, 2015.

**"Governmental Authority"** means the government of Canada, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority,

instrumentality, regulatory body, court and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**"Guarantees"** means the guarantees of the indebtedness, liabilities and obligations of the Debtor under this Agreement and each other Loan Documents to which it is a party in favour of the Agent, for its benefit and the benefit of all of the Lenders, made by each Debtor Party (other than the Debtor) and any Subsidiary of any Debtor Party formed from time to time.

**"Guarantor"** has the meaning assigned to it in Section 48.

**"Her Majesty"** has the meaning assigned to it in Section 6(o).

**"Individual Lenders"** means, collectively, Glen Sincarsin, Wayne Sincarsin, David Hatch, Cavelle Associates Ltd. and Donaldson & Diwik Inc.

**"Individual Loan and Security Documents"** means, collectively, the Individual Notes, and each of the security agreements, dated February 4, 2015 made by GTI in favour of the Individual Lenders.

**"Individual Notes"** means, collectively, each of the promissory notes, dated February 4, 2015 issued by GTI in favour of (i) Glen Sincarsin, in the principal amount of Cdn.\$100,000; (ii) Wayne Sincarsin, in the principal amount of Cdn.\$50,000; (iii) David Hatch, in the principal amount of Cdn.\$50,000; (iv) Cavelle Associates Ltd., in the principal amount of Cdn.\$50,000 and (v) Donaldson & Diwik Inc., in the principal amount of Cdn.\$50,000.

**"Intellectual Property Rights"** means all rights of any Debtor Party in any domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae, customer lists, data bases, documentation, registrations and franchises relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade-mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; (viii) any other intellectual property and industrial property; and (ix) all additions and improvements to the foregoing.

**"Laws"** means all federal, provincial, municipal, foreign and international statutes, acts, codes, ordinances, decrees, treaties, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and all policies, practices and guidelines of any Governmental Authority binding

on or affecting the Person referred to in the context in which such word is used (including, in the case of tax matters, any accepted practice or application or official interpretation of any relevant taxation authority); and “**Law**” means any one or more of the foregoing.

“**Lender’s Loan Commitment**” means, at any time in respect of a Lender, the aggregate of all relevant amounts designated as such and attributed to the Lender on Schedule A hereto, as amended from time to time, or in any assignment and assumption agreement executed and delivered in connection with this Agreement.

“**Lenders**” means, collectively, FCMI and each of the other lenders from time to time a party to this Agreement as a Lender.

“**Lien**” means (a) with respect to any asset, any mortgage, deed of trust, lien, pledge, hypothec (whether movable or immovable), hypothecation, encumbrance, charge, security interest, royalty interest, adverse claim, defect to title or right of set off in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease, title retention agreement or consignment agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to any asset, (c) any purchase option, call or similar right of a third party with respect to such asset, (d) any netting arrangement, defeasance arrangement or reciprocal fee arrangement, and (e) any other arrangement having the effect of providing security.

“**Loans**” means, collectively, the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and any Additional Tranche Loans made to the Debtor from time to time.

“**Loan Documents**” means this Agreement, the Guarantees, the Security Documents, the Warrants, the Participation Right Agreement and all other documents, instruments, certificates and agreements to be or hereafter from time to time executed and delivered to the Agent or the Lenders, or both, by any of the Debtor Parties in connection with this Agreement.

“**Material Adverse Effect**” means any event, occurrence or condition which has a material adverse effect on or results in a material adverse change in (a) the business, assets, operations, liabilities, condition, financial or otherwise, of the Debtor Parties, taken as a whole; or (b) the ability of any of the Debtor Parties to perform its obligations in accordance with the terms of this Agreement or any of the other Loan Documents, or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent and the Lenders thereunder, or (d) any Lien on the Collateral in favour of the Agent or any Lender or the perfection or priority thereof.

“**Material Contracts**” means (a) those agreements listed on Schedule G (as amended, restated, supplemented or replaced as permitted hereunder) and (b) those agreements (as amended, supplemented, revised or restated as permitted herein from time to time) of the Debtor Parties the breach, non-performance or cancellation of which or the failure of which to renew would reasonably be expected to have a Material Adverse Effect.

“**Monthly Report**” has the meaning assigned to it in Section 15(s).

“**Option Plan**” means the amended and restated stock option plan of the Debtor dated as of May 17, 2012, as amended.

**“Organizational Documents”** means, with respect to any Person, such Person’s articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

**“Original Loan and Security Agreement”** has the meaning assigned to it in the recitals.

**“Participating Bridge Loan Lender”** means a Bridge Loan Lender who has authorized and directed the Debtor to apply their Rollover Amount in full or partial satisfaction of their respective Lender’s Loan Commitment.

**“Participation Right Agreement”** means the participation right agreement dated as of November 14, 2013 between the Debtor Parties and FCMI, as amended and restated on April 25, 2014, May 26, 2014 and on March 17, 2015, and as further amended and restated from time to time.

**“Permits”** means all permits, licences, waivers, exemptions, consents, certificates, authorizations, approvals, franchises, rights-of-way, easements and entitlements that any Debtor Party has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

**“Permitted Debt”** means:

- (a) Debt hereunder or under any other Loan Document;
- (b) Debt or proposed Debt set forth in Schedule 15(f);
- (c) any Subordinated Debt;
- (d) unsecured Debt owed by a Debtor Party to another Debtor Party;
- (e) trade accounts due and payable and considered unsecured obligations incurred in the ordinary course of business (but excluding Debt for borrowed money); and
- (f) any other Debt the terms and conditions of which are satisfactory to the Agent and the Lenders and which has been consented to in writing by the Agent and the Required Lenders.

**“Permitted Liens”** means the Security Interests, those Liens indicated on Schedule C attached hereto and all other Liens permitted in writing by the Agent from time to time.

**“Person”** includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

**“Personal Property”** means all personal property and includes Accounts, Chattel Paper, Documents of Title, Equipment, Goods, Instruments, Intangibles, Inventory, Investment Property, Intellectual Property Rights and Money.



**"Pledged Certificated Securities"** means any and all Collateral that is a Certificated Security.

**"Pledged Issuers"** means each of GTI, GAI and BBMC, each a Subsidiary of the Debtor, and any other Subsidiary of any Debtor Party, the equity interests or other Securities of which may from time to time become Pledged Securities in accordance with the terms of this Agreement.

**"Pledged Securities"** means any and all Collateral that is a Security.

**"Pledged Security Certificates"** means any and all Security Certificates representing the Pledged Certificated Securities.

**"PPSA"** means the *Personal Property Security Act* (Ontario), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

**"Proportionate Interest"** means, at any time with respect to a Lender, the rateable proportion of the principal amount of the Loans made by such Lender expressed as a percentage, which percentage is determined by dividing the amount of the Loans advanced by such Lender by the aggregate principal amount of the Loans advanced by all Lenders.

**"Proposed Equity Financing"** means the proposed issuance of up to 166,666,667 Class A common shares of the Debtor to the shareholders of the Debtor at a price of U.S.\$0.03 per share.

**"Rate"** shall mean a rate per annum equal to 15%, such rate to be calculated daily.

**"Receiver"** means a receiver, a manager or a receiver and manager.

**"Release Date"** means the date on which all the Secured Liabilities have been indefeasibly paid and discharged in full and no Lender has any further obligations to the Debtor under this Agreement pursuant to which further Secured Liabilities might arise.

**"Replacement Funding"** has the meaning assigned to it in Section 15(s).

**"Required Lenders"** means, at any time, Lenders having collective Proportionate Interests representing more than 60% of the aggregate Proportionate Interests.

**"Restricted Payment"** means, with respect to any Person, any payment by such Person (a) of any dividends or other distribution on any of its Securities, (b) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any indebtedness of such Person to a shareholder of such Person or to an Affiliate of a shareholder of such Person, or (c) of any management, consulting or similar fee or any bonus payment or comparable payment, or by way of gift or other gratuity, to any Affiliate of such Person or to any director or officer of such Person or Affiliate of such Person, or to any Person not dealing at Arm's Length with such first Person or Affiliate, director or officer.

**"Restricted Person"** means any person or entity that:

- (a) is named, identified, described on or included on any of:

- (i) the lists maintained by the Office of the Superintendent of Financial Institutions Canada with respect to terrorism financing;
  - (ii) the Denied Persons List, the Entity List or the Unverified List, compiled by the Bureau of Industry and Security, U.S. Department of Commerce;
  - (iii) the List of Statutorily Debarred Parties compiled by the U.S. Department of State;
  - (iv) the Specially Designated Nationals Blocked Persons List compiled by the U.S. Office of Foreign Assets Control; or
  - (v) the annex to, or is otherwise subject to the provisions of, U.S. Executive Order No. 13324;
- (b) is subject to trade restrictions under United States law, including, but not limited to:
- (i) the International Emergency Economic Powers Act, 50 U.S.C.; or
  - (ii) the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq.; or any other enabling legislation or executive order relating thereto, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56; or
- (i) is a person or entity who is an Affiliate of a person or entity listed above.

**“Rollover Amount”** means, in respect of a Participating Bridge Loan Lender, that portion of the outstanding principal balance and interest due to such Participating Bridge Loan Lender under the Bridge Loan on the date hereof which such Participating Bridge Loan Lender has agreed shall constitute a Loan under this Agreement and which shall constitute all or a portion of its Lender’s Loan Commitment.

**“RSU Plan”** means the restricted share unit plan of the Debtor, as amended.

**“Secured Liabilities”** means the Loans and all other present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of each Debtor Party to the Agent and the Lenders (or any of them) whenever and however incurred, under, in connection with or with respect to this Agreement or any of the other Loan Documents, and any unpaid balance thereof.

**“Security Documents”** means this Agreement and each Guarantee, general security agreement, aircraft security agreement and other document or agreement creating or purporting to create a Lien in favour of the Agent, for its benefit and the benefit of all of the Lenders, on the real and personal property of a Debtor Party or any of their respective Subsidiaries created from time to time securing the Secured Liabilities.

**“Security Interests”** mean the Liens created by the each of the Debtor Parties in favour of the Agent (for its own benefit and for the benefit of the other Lenders) under this Agreement and the other Security Documents.

**“Subordinated Debt”** means Debt incurred by any of the Debtor Parties at any time after the date hereof, provided that (a) no terms applicable to such Debt (excluding the interest rate applicable to, the principal amount of and the repayment schedule of the Debt, but including covenants and events of default) are less favourable (taken as a whole), to such Person than the terms that are applicable to the Debtor Parties under the Credit Documents, (b) such Debt is unsecured and, in any bankruptcy, insolvency, liquidation, receivership, winding-up or other similar proceeding, is subordinated in right of payment to the prior payment of all obligations of the Debtor Parties under the Loan Documents on terms satisfactory to the Agent and Lenders, (c) such Debt matures on a date not earlier than the Tranche ABC Maturity Date and does not include any repayments of principal, (d) such Debt accrues interest at a rate determined in good faith by the board of directors of the borrower to be a market rate of interest for such Debt at the time of issuance thereof, and (e) no amount is payable on account of such Debt (whether on account of principal, interest, fees or otherwise) if a Default or Event of Default has occurred and is continuing, either before or immediately after giving effect to the payment.

**“Subsidiary”** means, with respect to any Person (the **“parent”**) at any date, any other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

**“Tranche A Commitment”** means, at any time, in respect of the Tranche A Loan, the aggregate of all Lender’s Loan Commitments designated as Tranche A on Schedule A hereto.

**“Tranche A Drawdown Date”** means November 14, 2014.

**“Tranche A Loan”** means the advances made by the Lenders to the Debtor on the Tranche A Drawdown Date pursuant to Section 2(a)(i) in respect of the Tranche A Commitment.

**“Tranche ABC Maturity Date”** has the meaning assigned to it in Section 4.

**“Tranche B Commitment”** means, at any time, in respect of the Tranche B Loan, the aggregate of all Lender’s Loan Commitments designated as Tranche B on Schedule A hereto.

**“Tranche B Drawdown Date”** means April 25, 2014.

**“Tranche B Loan”** means the advances made by the Lenders to the Debtor on the Tranche B Drawdown Date pursuant to Section 2(a)(i) in respect of the Tranche B Commitment.

**“Tranche C Acceleration Right”** has the meaning ascribed thereto in Section 2(a)(ii).

**“Tranche C Commencement Date”** means March 17, 2015.

**"Tranche C Commitment"** means U.S.\$4,000,000, to be provided by FCMI, as the sole Lender under the Tranche C Loan.

**"Tranche C Loan"** means the advances made by FCMI to the Debtor pursuant to Section 2(a)(ii) in respect of the Tranche C Commitment.

**"Tranche D Commitment"** means up to U.S.\$250,000 to be provided by FCMI, as the sole Lender under the Tranche D Loan.

**"Tranche D Drawdown Date"** means December 15, 2015.

**"Tranche D Loan"** means the advances made by FCMI to the Debtor on the Tranche D Drawdown Date pursuant to Section 2(a)(iii) in respect of the Tranche D Commitment.

**"Warrants"** means the warrant certificates issued to the Lenders as required under this Agreement.

## 2. **Loans.**

- (a) **Loan Facility:** Each Lender individually and not jointly agrees, on the terms and conditions of this Agreement, to make its Lender's Loan Commitment of each Loan available to the Debtor in accordance with this Agreement.

The outstanding amount of each Loan shall not, at any time, exceed the applicable Commitment, and in respect of each Lender, shall not at any time exceed such Lender's applicable Loan Commitment.

- (i) **Tranche A Loan and the Tranche B Loan.** The Tranche A Loan shall be made available in a single drawdown on the Tranche A Drawdown Date and the Tranche B Loan shall be made available in a single drawdown on the Tranche B Drawdown Date. The unused portion of the Tranche A Commitment shall be permanently cancelled on the Tranche A Drawdown Date and the Tranche A Commitment shall be permanently reduced by the amount by which the aggregate advances made by the Lenders on the Tranche A Drawdown Date are less than the Tranche A Commitment on such date. The unused portion of the Tranche B Commitment shall be permanently cancelled on the Tranche B Drawdown Date and the Tranche B Commitment shall be permanently reduced by the amount by which the aggregate advances made by the Lenders on the Tranche B Drawdown Date are less than the Tranche B Commitment on such date. As of the date hereof, each of the Tranche A Loan and the Tranche B Loan have been fully drawn by the Debtor and remain outstanding.
- (ii) **Tranche C Loan.** The Tranche C Loan shall be made available by FCMI by way of monthly drawdowns of up to \$500,000 commencing on the Tranche C Commencement Date and on the 15<sup>th</sup> day of each month thereafter until the amount of the Tranche C Commitment is reached, subject to FCMI's right, in its sole and absolute discretion, to require the

Debtor to drawdown any remaining amount of the Tranche C Commitment available to the Debtor at any time, upon providing one day's written notice of its intent to accelerate funding under the Tranche C Loan (the "**Tranche C Acceleration Right**"). Should FCMI exercise its Tranche C Acceleration Right, the remaining amount of the Tranche C Commitment shall be advanced to the Debtor within one day of such written notice and each of the 134 million warrants issued to FCMI in connection with the Tranche C Loan shall automatically become exercisable, and each such warrant shall entitle FCMI to purchase one Class A common share of the Debtor at no additional cost at any time up to and including the fifth anniversary of the issue date of the warrant. FCMI, in its sole and absolute discretion, is entitled to terminate funding under the Tranche C Commitment at any time, upon providing 60 days' written notice to the Debtor, or immediately, should FCMI, or any shareholder of FCMI, be refused registration under the Controlled Goods Program. The Tranche C Acceleration Right shall terminate on the earlier of (i) the Tranche ABC Maturity Date, and (ii) the date FCMI terminates funding under the Tranche C Commitment. For greater certainty, FCMI shall be entitled to exercise the Tranche C Acceleration Right under any circumstances other than upon the termination of the Tranche C Acceleration Right in accordance with the foregoing sentence. As of the date hereof, the Tranche C Loan has been fully drawn by the Debtor and remains outstanding.

- (iii) Tranche D Loan. The Tranche D Loan shall be made available by FCMI in a single drawdown on the Tranche D Drawdown Date in an amount up to the Tranche D Commitment. The unused portion of the Tranche D Commitment shall be permanently cancelled on the Tranche D Drawdown Date and the Tranche D Commitment shall be permanently reduced by the amount by which the aggregate advances made by the Lenders on the Tranche D Drawdown Date are less than the Tranche D Commitment on such date.
- (iv) Additional Tranche Loans. Any one or more of the Lenders may from time to time advance to the Debtor, under this Agreement, such additional amount as agreed by the Agent and such Lenders advancing such additional amount, in their sole and absolute discretion (each such advance, an "**Additional Tranche**"); provided that any Additional Tranche shall be subject to such conditions as the Agent and such Lenders advancing such Additional Tranche reasonably wish to impose. The Agent shall revise Schedule A hereto to reflect any Additional Tranche.

Each Additional Tranche Loan shall be made available in a single drawdown on the applicable Additional Tranche Drawdown Date. The unused portion of the Additional Tranche Commitment shall be permanently cancelled on the Additional Tranche Drawdown Date and the Additional Tranche Commitment shall be permanently reduced by the

amount by which the aggregate advances made by the Lenders on the Additional Tranche Drawdown Date are less than the Additional Tranche Commitment.

- (b) Lender Default. Except as expressly set forth in this Agreement, the failure of any Lender to make an advance shall not relieve any other Lender of its obligation, if any, in connection with any such advance, but no Lender is responsible for any other Lender's failure in respect of such advance.
- (c) Use of Proceeds. The Debtor shall use the proceeds of the Loans to fund working capital and general corporate purposes to assist with the financing of the day to day operations of the Debtor Parties and to repay, on the Tranche A Drawdown Date, all amounts of principal and interest due and owing under the Bridge Loan.
- (d) Fees. The Debtor shall pay to FCMI on the Tranche A Drawdown Date, solely for its benefit as lead Lender and not for the benefit of any other Lender, a closing fee equal to 7.5 percent of the amount advanced on such date by FCMI in excess of \$2,500,000. The Debtor agrees that such fee shall be non-refundable and deemed to be fully earned on the Tranche A Drawdown Date by FCMI and shall be in addition to, and not creditable against, any other fee, including, without limitation, any fee payable to the Agent or any Lenders pursuant to any other agreement or for acting in any other capacity and will not be subject to any deduction, nor will it be subject to any counterclaim or set-off for, or be otherwise affected by, any claim or dispute relating to any other matter.
- (e) Rollover of Bridge Loan. Each Participating Bridge Loan Lender acknowledges and agrees that the Rollover Amount that would otherwise be payable to each Participating Bridge Loan Lender on the date hereof and which shall be retained by the Debtor constitutes a Loan under this Agreement and is secured hereby and by the other Loan Documents and is subject to the provisions of this Agreement and the other Loan Documents. Each Debtor Party acknowledges and agrees that the Rollover Amount that would otherwise be payable to each Participating Bridge Loan Lender on the date hereof constitutes a Loan under this Agreement and is secured hereby and by the other Loan Documents and is subject to the provisions of this Agreement and the other Loan Documents.

3. Interest. The principal amount of the Loans shall not bear interest; provided, however that if an Event of Default occurs, the Loans shall bear interest at the Rate until such time as an Event of Default is no longer continuing.

4. Repayment. Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the "**Tranche ABC Maturity Date**") (i) November 30, 2016, and (ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said

month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan.

5. **Prepayment.** The Debtor may, at its option, without penalty or premium, (a) prepay the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche D Loan and the Additional Tranche Loans in full, and (b) prepay the principal amount of the Tranche C Loan, in whole or in part, at any time by giving not less than three (3) days' notice to the Agent and Lenders, provided that such prepayment is accompanied by payment in full of all other amounts due and payable hereunder and under the other Loan Documents. Any such prepayment of the Tranche A Loan, the Tranche B Loan and the Additional Tranche Loans shall be made for the benefit of each Lender according to such Lender's Proportionate Interest.

6. **Conditions Precedent to Tranche A Loan.** The obligation of each Lender to provide the Tranche A Loan or make any advances up to the amount of its Lender's Loan Commitment on the Tranche A Drawdown Date is subject to the following documents or agreements having been executed and delivered or other conditions precedent having been satisfied, in the Agent's and each Lender's sole discretion:

- (a) a certified copy of (i) the constituting documents and by-laws of each Debtor Party; (ii) the resolutions of the board of directors (or any duly authorized committee thereof) or of the shareholders, as the case may be (or the equivalent thereof), of each Debtor Party approving the borrowing and other matters contemplated by this Agreement and approving the entering into of all other Loan Documents to which it is a party and the completion of all transactions contemplated thereunder; (iii) all other instruments evidencing necessary action of each Debtor Party and of any required order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, exemption, waiver, registration or other authorization of any governmental Authority having jurisdiction over such Debtor Party or its the property and assets, whether or not having the force of Law (each, an "**Authorization**") with respect to such matters; and (iv) certifying the names and true signatures of its officers authorized to sign this Agreement and the other Loan Documents;
- (b) a certificate of status, compliance, good standing or like certificate with respect to each Debtor Party issued by the appropriate governmental authority in the jurisdiction of its incorporation or creation;
- (c) the consent of MBHD Holdings Ltd. thereto under the Aircraft Loan, Mortgage and Security Agreement, in each case in form and substance satisfactory to the Agent and the Lenders, it being acknowledged that the Agent or the Lenders may

be required to expressly subordinate and postpone the second lien and any related rights to the existing security;

- (d) confirmation that the Security Interests have been properly registered with Commissioner of Patents at the Canadian Intellectual Property Office and any other registry as the Agent may determine to be necessary or desirable to properly perfect the Agent's security interest in each Debtor Party's Intellectual Property Rights, in form and substance satisfactory to the Agent and the Lenders;
- (e) evidence that the Security Interests granted by the Debtor under this Agreement create a Lien in respect of all present and future undertaking, property and assets of the Debtor, ranking *pari passu* to the security interest of Espresso Capital and the consent of Espresso Capital thereto under the Espresso Capital Loan and Security Documents, in each case in form and substance satisfactory to the Agent and the Lenders;
- (f) a guarantee by GTI together with a general security agreement executed by GTI providing a second Lien in respect of all present and future undertaking, property and assets of GTI, subject only to the first priority security interest of Espresso Capital and the consent of Espresso Capital thereto under the Espresso Capital Loan and Security Documents, in each case in form and substance satisfactory to the Agent and the Lenders;
- (g) a guarantee by GAI of the Secured Liabilities together with a general security agreement executed by GAI providing a first priority Lien in respect of all present and future undertaking, property and assets of GAI, in each case in form and substance satisfactory to the Agent and the Lenders;
- (h) a guarantee by BBMC together with a general security agreement executed by BBMC providing a first priority Lien in respect of all present and future undertaking, property and assets of BBMC, in each case in form and substance satisfactory to the Agent and the Lenders;
- (i) an agreement with the Debtor Parties providing the Agent with a participation right in future debt and equity financings of the Debtor and its Subsidiaries in form and substance satisfactory to the Agent;
- (j) issuance by the Debtor of a Warrant to each of the Lenders, in form and substance satisfactory to the Agent and the Lenders;
- (k) evidence of registration in the necessary jurisdictions of the Security Interests or notice thereof in favour of the Agent for itself and on behalf of the Lenders, created by the Security Documents in order to preserve or protect such Security Interests or other arrangements for effecting such registrations acceptable to the Lenders together with all searches necessary in connection herewith;
- (l) Lenders, other than FCMI, having aggregate Lender's Loan Commitments of at least \$900,000 shall advance such amounts on the Tranche A Drawdown Date;



- (m) an intercreditor agreement between Espresso Capital and the Agent, in form and substance satisfactory to the Agent and the Lenders;
- (n) an intercreditor agreement between MBHD Holdings Ltd. and the Agent, in form and substance satisfactory to the Agent and the Lenders;
- (o) a consent from Her Majesty the Queen in Right of Canada (“**Her Majesty**”) pursuant to section 14.1 of the contribution agreement made as of August 11, 2011, as amended (the “**Contribution Agreement**”), between Her Majesty and the Debtor in respect of the Security Interests, in form and substance satisfactory to the Agent and the Lenders;
- (p) all fees and expenses (including the reasonable legal fees and disbursements of Agent’s and Lenders’ counsel and all other legal counsel engaged by the Agent) then payable under the Loan Documents shall have been paid in full in the currency specified in the relevant invoice therefor;
- (q) customary opinions of counsel to each Debtor Party in form and terms satisfactory to the Agent in respect of the Loan Documents, including the Warrant;
- (r) satisfactory evidence that the Agent (on behalf of the Lenders) shall have a valid and perfected security interest in the Collateral, subject only to Permitted Liens;
- (s) all filing and recording fees and taxes shall have been duly paid and any surveys, landlord waivers and access letters requested by the Agent with respect to material real property interests of the Debtor and each other Debtor Party shall have been duly obtained;
- (t) the Agent shall, acting reasonably, be satisfied with the amount, types and terms and conditions of all insurance maintained by the Debtor Parties, and the Lenders shall have received endorsements naming the Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies to be maintained with respect to the properties of the Debtor Parties;
- (u) arrangements satisfactory to the Agent for the concurrent repayment in full and termination of the Bridge Loan and the subsequent release of all Liens in respect of thereof;
- (v) there shall not have occurred or become known any event or condition which would reasonably be expected to have a Material Adverse Effect;
- (w) copies of search reports, current as of a date reasonably near to the Tranche A Drawdown Date, listing all effective financing statements which name any Debtor Party (under its present name and any previous names) as the debtor, none of which shall, except with respect to Permitted Liens, evidence a Lien on any Collateral;

- (x) releases and discharges (in registerable form where appropriate), covering all Liens affecting the Collateral of the Debtor Parties which are not Permitted Liens in all applicable jurisdictions, and all statements and acknowledgments that are reasonably required in respect of other security interests affecting the Collateral of any Debtor Party to confirm that they are Permitted Liens;
- (y) the Agent being reasonably satisfied that all material approvals and consents, including all court, regulatory and governmental approvals and consents have been obtained in order to complete the transactions contemplated by the Loan Documents;
- (z) the Agent being satisfied that there is no pending or threatened judicial, administrative or other proceedings, investigations or litigation which seek to adjourn, delay, enjoin, prohibit or impose material limitations on any aspect of the transactions contemplated by the Loan Documents or which has, or could reasonably be expected to have a Material Adverse Effect;
- (aa) certified copies of all Material Contracts, other than as disclosed in Schedule D;
- (bb) the Agent and the Lenders shall have completed their financial, technical, legal and other due diligence with results satisfactory to them; and
- (cc) such other documents as the Agent may reasonably request on behalf of the Lenders.

7. **Conditions Precedent to Tranche B Loan.** The obligation of each Lender to make an advance up to the amount of its Tranche B Lender's Loan Commitment on the Tranche B Drawdown Date is subject to the following documents or agreements having been executed and delivered or other conditions precedent having been satisfied, in the Agent and each Lender's sole discretion:

- (a) a certificate of an officer of the Debtor (i) attaching certified copies of the constating documents and by-laws of each Debtor Party; (ii) attaching certified copies of the resolutions of the board of directors (or any duly authorized committee thereof) or of the shareholders, as the case may be (or the equivalent thereof), of each Debtor Party approving the borrowing and other matters contemplated by this Agreement and approving the entering into of all other Loan Documents to which it is a party and the completion of all transactions contemplated thereunder; (iii) certifying that the Debtor is not in the course of, has not received any notice of and has not taken any acts or proceedings in connection with any liquidation, winding-up, dissolution, bankruptcy, receivership or reorganization of the Debtor, nor has any such act or proceeding been taken against the Debtor; (iv) certifying that no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default; and (v) certifying the names and true signatures of its officers authorized to sign this Agreement and the other Loan Documents;

- (b) issuance by the Debtor of a Warrant to each of the Lenders, in form and substance satisfactory to the Agent and the Lenders, on the basis of six warrants for each U.S.\$1.00 of financing under the Loan and Security Agreement up to a maximum of 18 million warrants, each warrant granting the holder thereof the right to purchase one Class A common share of the Debtor at an exercise price of U.S.\$1.10 at any time up to and including the fifth anniversary of the issue date of the Warrant;
- (c) customary opinions of counsel to each Debtor Party in form and terms satisfactory to the Agent in respect of the Loan Documents, including any Warrants issued;
- (d) confirmation by Her Majesty that the Debtor is not in breach or default of its obligations pursuant to the Contribution Agreement, in form and substance satisfactory to the Agent and the Lenders;
- (e) there shall not have occurred or become known any event or condition which would reasonably be expected to have a Material Adverse Effect; and
- (f) an amended and restated participation right agreement amending and restating the Participation Right Agreement.

8. **Conditions Precedent to Tranche C Loan.** The obligation of FCMI to provide the Tranche C Loan or make any advances thereunder is subject to the following documents or agreements having been executed and delivered or other conditions precedent having been satisfied, in FCMI's sole discretion:

- (a) a certificate of an officer of the Debtor (i) attaching certified copies of the constating documents and by-laws of each Debtor Party; (ii) attaching certified copies of the resolutions of the board of directors (or any duly authorized committee thereof) or of the shareholders, as the case may be (or the equivalent thereof), of each Debtor Party approving the borrowing and other matters contemplated by this Agreement and approving the entering into of all other Loan Documents to which it is a party and the completion of all transactions contemplated thereunder; (iii) certifying that the Debtor is not in the course of, has not received any notice of and has not taken any acts or proceedings in connection with any liquidation, winding-up, dissolution, bankruptcy, receivership or reorganization of the Debtor, nor has any such act or proceeding been taken against the Debtor; (iv) certifying that no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default; (v) certifying that the fully diluted share count of the Debtor is as stated in a spread sheet provided by the Debtor on or about the date hereof, a copy of which is to be attached to the certificate; (vi) certifying the accuracy of certain technology status reports dated February 2, 2015 and February 17, 2015, copies of which are to be attached to the certificate, and that there have been no materially adverse developments with respect to the technology that have not been disclosed in such technology status reports, and (vii) certifying the names and true

signatures of its officers authorized to sign this Agreement and the other Loan Documents;

- (b) issuance by the Debtor of a Warrant to FCMI, in form and substance satisfactory to FCMI, representing 134 million warrants in the aggregate, such warrants to become vested and exercisable on the basis of 33.5 warrants for each \$1.00 of financing advanced to the Debtor pursuant to the Tranche C Commitment, and each warrant, upon becoming exercisable, grants the holder thereof the right to purchase one Class A common shares of the Debtor at no additional cost at any time up to and including the fifth anniversary of the issue date of the warrant (provided that upon such exercise the holder thereof shall execute and deliver to the Debtor a counterpart to any unanimous shareholders agreement then in effect), and any warrants that have not vested by the Tranche ABC Maturity Date will be cancelled by the Debtor for no additional consideration;
- (c) an amendment to the constating documents of the Debtor and amendments to all of the documentation under which the Existing FCMI Warrants are issued, including the Existing FCMI Warrants, the Participation Right Agreement and any other document required by FCMI, to permit the transfer of the Existing FCMI Warrants, any warrants and any common shares held by FCMI without the consent of the Debtor, any shareholder of the Debtor or any other Person; provided that (i) each Person who becomes a shareholder through any such transfer shall execute and deliver to the Debtor upon becoming a shareholder, a counterpart to any unanimous shareholders agreement then in effect or a written agreement pursuant to which it agrees to be bound by the terms and conditions of such unanimous shareholders agreement, (ii) upon receipt of a bona fide written offer from a third party dealing at arm's length from it, FCMI shall provide prior written notice to the Debtor of its intent to transfer any warrants and/or common shares and provide a copy of such offer to the Debtor, and if the Debtor determines that any such proposed transferee is a Restricted Person, any shareholder of the Debtor or any other Person shall have twenty (20) days from the date such notice is delivered by FCMI to purchase FCMI's warrants and/or common shares at a price and on terms no less favourable than the offer made by such Restricted Person, and (iii) FCMI shall not transfer any warrants and/or common shares to any Person if such transfer would result in any breach or violation of any applicable Law;
- (d) customary opinions of counsel to each Debtor Party in form and terms satisfactory to the Agent in respect of the Loan Documents, including any Warrants issued;
- (e) confirmation by Her Majesty that the Debtor is not in breach or default of its obligations pursuant to the Contribution Agreement, in form and substance satisfactory to the Agent and the Lenders;
- (f) as a condition to the first advance under the Tranche C Loan, satisfaction of FCMI that it, or any required shareholder of FCMI, will be able to obtain any necessary approval, registration and security clearance under the Controlled

Goods Program, the registration process for which the Debtor will cooperate and assist with as required, and as a condition to any subsequent advance under the Tranche C Loan, FCMI, or any required shareholder of FCMI, will have obtained the necessary approval under the Controlled Goods Program; provided that this condition shall not be met if FCMI determines that it or any of its required shareholders cannot obtain the necessary approval under the Controlled Goods Program, in which case FCMI shall have the right to terminate the Tranche C Commitment immediately in accordance with Section 2(a)(ii);

- (g) there shall not have occurred or become known any event or condition which would reasonably be expected to have a Material Adverse Effect; and
- (h) an amended and restated participation right agreement amending and restating the Participation Right Agreement.

9. **Conditions Precedent to Tranche D Loan.** The obligation of FCMI to provide the Tranche D Loan or make any advances thereunder is subject to the following documents or agreements having been executed and delivered or other conditions precedent having been satisfied, in FCMI's sole discretion:

- (a) a certificate of an officer of each of the Debtor Parties (i) attaching certified copies of its constating documents and by-laws; (ii) attaching certified copies of the resolutions of the board of directors (or any duly authorized committee thereof) or of the shareholders, as the case may be (or the equivalent thereof), approving the borrowing and other matters contemplated by this Agreement and approving the entering into of all other Loan Documents to which it is a party and the completion of all transactions contemplated thereunder; (iii) certifying that it is not in the course of, has not received any notice of and has not taken any acts or proceedings in connection with any liquidation, winding-up, dissolution, bankruptcy, receivership or reorganization, nor has any such act or proceeding been taken against it; (iv) certifying that no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default; (v) certifying the names and true signatures of its officers authorized to sign this Agreement and the other Loan Documents;
- (b) a certificate of status, compliance, good standing or like certificate with respect to each Debtor Party issued by the appropriate governmental authority in the jurisdiction of its incorporation or creation;
- (c) customary opinions of counsel to each Debtor Party in form and terms satisfactory to the Agent in respect of the Loan Documents;
- (d) FCMI, in its sole and absolute discretion, being satisfied with the terms and provisions of the Proposed Equity Financing;

- (e) confirmation by Her Majesty that the Debtor is not in breach or default of its obligations pursuant to the Contribution Agreement, in form and substance satisfactory to the Agent and the Lenders;
- (f) there shall not have occurred or become known any event or condition which would reasonably be expected to have a Material Adverse Effect; and
- (g) an amended and restated participation right agreement amending and restating the Participation Right Agreement.

10. **Grant of Security Interests.** As general and continuing collateral security for the due payment and performance of the Secured Liabilities of the Debtor under this Agreement and any other Loan Document to which it is a party, the Debtor pledges, mortgages, charges and assigns (by way of security) to the Agent (for its own benefit and for the benefit of the other Lenders), and grants to the Agent (for its own benefit and for the benefit of the other Lenders) a security interest in, the Collateral.

11. **Limitations on Grant of Security Interests.** If the grant of the Security Interests with respect to any Contract, Intellectual Property Rights or Permit under Section 10 would result in the termination or breach of such Contract, Intellectual Property Rights or Permit or is otherwise prohibited or ineffective (whether by the terms thereof or under applicable Law), then such Contract, Intellectual Property Right or Permit shall not be subject to the Security Interests but shall be held in trust by the Debtor for the benefit of the Agent (for its own benefit and for the benefit of the other Lenders) and, on the exercise by the Agent of any of its rights or remedies under this Agreement following an Event of Default shall be assigned by the Debtor as directed by the Agent; provided that: (a) the Security Interests shall attach to such Contract, Intellectual Property Right or Permit, or applicable portion thereof, immediately at such time as the condition causing such termination or breach is remedied, and (b) if a term in a Contract that prohibits or restricts the grant of the Security Interests in the whole of an Account or Chattel Paper forming part of the Collateral is unenforceable against the Agent under applicable Law, then the exclusion from the Security Interests set out above shall not apply to such Account or Chattel Paper. In addition, the Security Interests do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day shall be held by the Debtor in trust for the Agent (for its own benefit and for the benefit of the other Lenders) and, on the exercise by the Agent of any of its rights or remedies under this Agreement following an Event of Default, shall be assigned by the Debtor as directed by the Agent. For greater certainty, no Intellectual Property Rights in any trade-mark, get-up or trade dress is presently assigned to the Agent by sole virtue of the grant of the Security Interests contained in Section 10.

12. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by the Agent and Lenders to the Debtor, that the Debtor has rights in the Collateral existing at the date of this Agreement and that the Debtor and the Agent and Lenders have not agreed to postpone the time for attachment of the Security Interests to any of the Collateral. The Security Interests shall have effect and be deemed to be effective whether or not the Secured Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution and delivery of this Agreement nor the provision of any

financial accommodation by any Lender shall oblige any Lender to make any financial accommodation or further financial accommodation available to the Debtor or any other Person.

13. **Representations and Warranties.** The Debtor Parties represent and warrant to the Agent and each of the Lenders with respect to itself and each other Debtor Party that:

- (a) **Debtor Party Information.** All of the information set out in Schedule B with respect to each Debtor Party is accurate and complete in all material respects.
- (b) **Incorporation and Qualification.** Each Debtor Party and its subsidiaries is duly incorporated or existing, continued, amalgamated or constituted, as the case may be, and validly existing under the laws of the jurisdiction of its incorporation or creation, and each is duly qualified, licensed or registered to carry on business under applicable Laws in all jurisdictions in which the nature of its assets or business makes such qualification necessary.
- (c) **Power and Authority.** Each Debtor Party and its subsidiaries has all requisite corporate or other power and authority to (i) own and operate its properties and assets and to carry on the business carried on by it and any other business as now being conducted by it; and (ii) to enter into and perform its obligations under this Agreement and the other Loan Documents to which it is a party.
- (d) **Title; No Other Security Interests.** Except for Permitted Liens, and the Liens granted pursuant to the Security Documents, a Debtor Party owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of the Pledged Securities or, if any Debtor Party creates a Subsidiary, such Debtor Party is the record and beneficial owner of the Pledged Securities of such Subsidiary. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.
- (e) **Amount of Accounts.** The amount represented by the Debtor or another Debtor Party to the Agent from time to time as owing by each account debtor or by all account debtors with respect to its Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by a Debtor Party to the Agent at that time, will be owed free of any dispute, set-off or counterclaim. Except as disclosed in writing by a Debtor Party to the Agent, no Debtor Party nor (to the best of each Debtor Party's knowledge) any other party to any Account of a Debtor Party or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract where such default is or could reasonably be expected to be materially adverse to the Debtor, the Agent or any of the Lenders.
- (f) **Authority.** Each Debtor Party has full power and authority to grant to the Agent (for its own benefit and for the benefit of the other Lenders) the Security Interests

and the Debtor Parties have full power and authority to execute, deliver and perform their obligations under this Agreement and each other Loan Document to which it is a party, and such execution, delivery and performance does not contravene any Debtor Party's Organizational Documents or any agreement, instrument or restriction to which any Debtor Party is a party or by which any Debtor Party or any of the Collateral is bound.

- (g) Consents. Except for any consent that has been obtained and is in full force and effect, and except for any consent disclosed herein, no consent of any Person (including any counterparty with respect to any Contract, any account debtor with respect to any Account, or any Governmental Authority with respect to any Permit) is required, or is purported to be required, for the execution, delivery, performance and enforcement of this Agreement (this representation being given without reference to the exclusions contained in Section 11). For the purposes of complying with any transfer restrictions contained in the Organizational Documents of any Pledged Issuer, the Debtor Parties hereby irrevocably consent to any transfer of the Pledged Securities of such Pledged Issuer.
- (h) Execution and Delivery. This Agreement and each of the other Loan Documents has been duly authorized, executed and delivered by the Debtor Parties party thereto and is a valid and binding obligation of each Debtor Party thereto enforceable against each such Debtor Party in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar Laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.
- (i) Intellectual Property Rights. All registrations and applications for registration pertaining to any Intellectual Property Rights, all other material Intellectual Property Rights, and the nature of the right, title or interest of any Debtor Party therein are described in Schedule B to this Agreement. Each Intellectual Property Right is valid, subsisting, unexpired, enforceable, and has not been abandoned. In the case of copyright works, the Debtor Parties have obtained full and irrevocable waivers of all moral rights or similar rights pertaining to such works. Except as set out in Schedule B to this Agreement, none of the Intellectual Property Rights have been licensed or franchised by the Debtor Parties to any Person or, to the best of each Debtor Party's knowledge, infringed or otherwise misused by any Person. Except as set out in Schedule B to this Agreement, the exercise of any Intellectual Property Right, or any licensee or franchisee thereof, has not infringed or otherwise misused any intellectual property right of any other Person, and no Debtor Party has received and is aware of any claim of such infringement or other misuse.
- (j) Due Authorization. The Pledged Securities have been duly authorized and validly issued and are fully paid and non-assessable.



- (k) Warrants, Options, etc. As of the date hereof, there are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Securities or any securities of the Debtor, except as set forth in Schedule E hereto.
- (l) Outstanding Share Capital. The issued and outstanding share capital of the Debtor as of the date hereof on a fully diluted basis, and the beneficial holders of such issued and outstanding shares, are set forth in Schedule H hereto.
- (m) No Required Disposition. As of the date hereof, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which any Debtor Party would be required to sell, redeem or otherwise dispose of any Pledged Securities or under which any Pledged Issuer or the Debtor has any obligation to issue any Securities of such Pledged Issuer or the Debtor to any Person.
- (n) No Event of Default etc. No Event of Default has occurred on or prior to the date hereof and each Debtor Party has complied with all covenants, obligations and conditions of this Agreement required to be performed and complied with as of the date hereof.
- (o) Aircraft. The Airframe (as defined in Schedule F) is not authorized to transport more than eight persons and is not certified by Transport Canada Aviation to transport goods in excess of 2750 kilograms and the Engine (as defined in Schedule F) does have at least 550 rated take off shaft horsepower or the equivalent thereof.
- (p) No Default Under Contribution Agreement. The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

14. Survival of Representations and Warranties. All representations and warranties made by the Debtor Parties in this Agreement (a) are material, (b) shall be considered to have been, and are, relied on by the Agent and Lenders, (c) shall be deemed to be repeated on each date on which the Loans or any portion thereof remains outstanding, and (d) shall survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Agent or any Lender and any disposition or payment of the Secured Liabilities until the Release Date.

15. Covenants. Each of the Debtor Parties covenants and agrees with the Agent and the Lenders that:

- (a) Further Documentation. The Debtor Parties shall from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Agent may request for the purpose of obtaining or preserving the full benefits of, and the

rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests).

- (b) Maintenance of Records. The Debtor Parties shall keep and maintain accurate and complete records including records of the Collateral and including a record of all payments received and all credits granted with respect to the Accounts and contracts. At the written request of the Agent, a Debtor Party shall mark any Collateral specified by the Agent to evidence the existence of the Security Interests.
- (c) Right of Inspection. The Agent and any Lender may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of any Debtor Party with its officers, representatives and accountants and with each of the Lenders and, as applicable, their respective officers, representatives and accountants. The Agent and any Lender may also, without charge, enter the premises of any Debtor Party where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral.
- (d) Limitations on Other Liens. Each Debtor Party shall not create, incur or permit to exist, and shall defend its properties and assets including the Collateral against, and shall take such other action as is necessary to remove, any and all Liens in and other claims affecting such properties and assets including the Collateral, other than the Permitted Liens, and each Debtor Party shall defend the right, title and interest of the Agent and the Lenders in and to the Collateral against the claims and demands of all Persons, other than Persons in respect of the Permitted Liens.
- (e) Limitations on Dispositions. Each Debtor Party shall not, without the Agent's prior written consent, sell, lease or otherwise dispose of any of its properties and assets including the Collateral, except that Inventory may be sold, leased or otherwise disposed of and, subject to the terms of this Agreement, Accounts may be collected, in either case in the ordinary course of the Debtor Party's business. Following an Event of Default, all Proceeds of the Collateral (including all amounts received with respect to Accounts) received by or on behalf of any Debtor Party, whether or not arising in the ordinary course of Debtor Party's business, shall be received by the Debtor Party as trustee for the Agent and shall be immediately paid to the Agent.
- (f) Debt. Each Debtor Party shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt other than Permitted Debt and each Debtor Party shall not increase the principal outstanding amount of any Permitted Debt ranking ahead of, or *pari passu* with, the Loans. Without limitation of the foregoing, the aggregate principal amount of all loans, advances or other indebtedness of the Debtor Parties or any of them under the Espresso Capital Loan and Security Documents and the Individual Loan

and Security Documents, as applicable, shall not, for each calendar year (i) exceed Cdn.\$1,750,000 at any time during the period from January 1st to the earlier of (A) the second Business Day following the date upon which the Debtor Parties receive payment of the tax credits financed under the Espresso Loan and Security Documents and the Individual Loan and Security Documents in the immediately preceding calendar year and (B) May 15th or such later date as agreed by the Debtor and the Agent, and (ii) exceed Cdn.\$1,400,000 at any time during the period from the earlier of the dates referred to in (A) and (B) above to December 31 of such calendar year.

- (g) Share Capital. Each Debtor Party shall not and shall not permit any of its Subsidiaries to issue any shares, or any options, warrants or securities convertible into shares unless: (i) in the case of Subsidiaries of the Debtor only, such shares are pledged and delivered to the Agent in accordance with Section 15(q) and, (ii) in the case of the Debtor, the issuance of shares, options, warrants or securities convertibles into shares issued (1) pursuant to the Option Plan or the RSU Plan (collectively, “Plans”) so long as the aggregate number of shares subject to such Plans is equal to or less than 17.5% of the issued and outstanding shares of the Debtor at the time of such issuance; (2) after FCMI has been offered a right to participate in such issuance or any financing relating thereto in compliance with the Participation Right Agreement, whether or not FCMI has declined to participate, or is participating in, such issuance and the Debtor complies with its constating documents and applicable Law in connection with such financing; or (3) with the consent of FCMI.
- (h) Restricted Payments. Declare, make or pay or agree to declare, make or pay, or permit any of its Subsidiaries to declare, make or pay, or agree to declare, make or pay, directly or indirectly, any Restricted Payment, except (i) Restricted Payments by any Debtor Party to any other Debtor Party, (ii) regularly scheduled payments in respect of any Permitted Debt, and (iii) Restricted Payments by the Debtor pursuant to and in accordance with stock option plans, profit sharing plans, employment agreements, consulting agreements, restricted share unit plans and/or other benefit plans for the directors or officers of the Debtor and its Subsidiaries, provided that the aggregate amount of cash payments made by the Debtor and its Subsidiaries in any Financial Year pursuant to all such stock option plans, profit sharing plans, consulting agreements, restricted share unit plans and other compensation benefit plans shall not exceed reasonable commercial amounts.
- (i) Limitations on Modifications, Waivers, Extensions. Other than as not prohibited by paragraph (j) below, each Debtor Party shall not (i) amend, modify, terminate, permit to expire or waive any provision of any Permit or contract, or of any document giving rise to an Account, in any manner which is or could reasonably be expected to be materially adverse to the Debtor Party, the Agent or any of the Lenders, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could

reasonably be expected to be materially adverse to the Debtor Party, the Agent or any of the Lenders.

- (j) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of each Debtor Party consistent with previous practices, each Debtor Party shall not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.
- (k) Maintenance of Collateral. The Debtor Parties shall maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor Parties shall provide all maintenance, service and repairs necessary for such purpose. The Debtor Parties shall maintain in good standing all registrations and applications with respect to the Intellectual Property Rights except to the extent that any failure to do so could not reasonably be expected to be materially adverse to the Debtor Parties, the Agent or any of the Lenders.
- (l) Insurance. The Debtor Parties shall keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor Party's applicable business or property is located. The Debtor Parties shall, from time to time at the Agent's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Agent.
- (m) Further Identification of Collateral. The Debtor Parties shall promptly furnish to the Agent such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Agent may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor Parties and classified as Equipment, including vehicle identification numbers.
- (n) Amalgamation, Merger or Consolidation. The Debtor Parties shall not permit any Pledged Issuer to amalgamate, merge or consolidate unless all of the outstanding capital stock of the surviving or resulting corporation is, upon such amalgamation, merger or consolidation, pledged under this Agreement and no cash, securities or other property is distributed with respect to the outstanding shares of any other constituent corporation.
- (o) Agreements re Intellectual Property Rights. Promptly upon request from time to time by the Agent, the Debtor Parties shall (i) authorize, execute and deliver any and all agreements, instruments, documents and papers that the Agent may request to evidence the Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the Business of the Debtor Parties connected with the use of, and symbolized by, any such Intellectual Property Rights, and

- (ii) update the registration of the Agent's Security Interest in each Debtor Party's Intellectual Property Rights with the Commissioner of Patents at the Canadian Intellectual Property Office and any other registry as the Agent may determine to be necessary or desirable to properly perfect such Security Interests.
- (p) Instruments; Documents of Title; Chattel Paper. Promptly upon request from time to time by the Agent, the Debtor Parties shall deliver to the Agent, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Agent may reasonably request, any and all Instruments, Documents of Title and Chattel Paper included in or relating to the Collateral as the Agent may specify in its request.
- (q) Pledged Certificated Securities. The Debtor Parties shall deliver to the Agent any and all Pledged Security Certificates and other materials as may be required from time to time to provide the Agent with control over all Pledged Certificated Securities. At the request of the Agent, the Debtor Parties shall cause all Pledged Security Certificates to be registered in the name of the Agent or its nominee.
- (r) Transfer Restrictions. If the constating documents of the Pledged Issuer restrict the transfer of the Securities of such Pledged Issuer, then the Debtor Parties shall deliver to the Agent a certified copy of a resolution of the directors, shareholders, unitholders or partners of such Pledged Issuer, as applicable, consenting to the transfer(s) contemplated by this Agreement, including any prospective transfer of the Collateral by the Agent upon a realization on the Security Interests.
- (s) Reporting Requirement. On the first Business Day of each calendar month, the Debtor Parties shall deliver to the Agent a certificate confirming the balance of each of the Debtor Parties' bank accounts as of the last Business Day of the immediately preceding calendar month and a detailed breakdown of any other funds immediately available to the Debtor Parties to pay their expenses as they become due in connection with the Business of the Debtor Parties (each, a "**Monthly Report**"). Where the aggregate amount available to the Debtor Parties as reported on a Monthly Report is less than U.S.\$400,000, the Debtor Parties shall, prior to the last day of the calendar month in which the Monthly Report was delivered, solicit and obtain alternate sources of funding ("**Replacement Funding**") satisfactory to the Agent, in its sole and absolute discretion.
- (t) Notices. The Debtor Parties shall advise the Agent promptly, in reasonable detail, of any:
- (i) change in the location of the jurisdiction of incorporation or amalgamation, chief executive office or domicile of any Debtor Party;
  - (ii) change in the name of any Debtor Party;
  - (iii) merger, consolidation or amalgamation of any of any Debtor Party with any other Person;

- (iv) additional jurisdiction in which any Debtor Party carries on business or has tangible Personal Property;
- (v) additional jurisdiction in which material account debtors of the Debtor Parties are located;
- (vi) acquisition of any Intellectual Property Rights which are the subject of a registration or application with any governmental intellectual property or other governing body or registry, or which are material to the Business of the Debtor Parties;
- (vii) acquisition of any Instrument, Document of Title or Chattel Paper;
- (viii) creation or acquisition of any Subsidiary of any Debtor Party (and in such circumstances, such Subsidiary shall become a Pledged Issuer hereunder and the security contemplated by Sections 6(c) to 6(h) shall be provided to the Agent, *mutatis mutandis*);
- (ix) Lien (other than Permitted Liens) on, or claim asserted against, any of their properties and assets including the Collateral; or
- (x) occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of their properties and assets including the Collateral or on the Security Interests.

The Debtor Parties shall not effect or permit any of the changes referred to in clauses (ii) through (viii) above unless all filings have been made and all other actions taken that are required in order for the Agent to continue at all times following such change to have a valid and perfected first priority Security Interest with respect to all of the Collateral except for Permitted Liens.

- (u) Properties and Assets of Pledged Issuers. For purposes of certainty, each Pledged Issuer shall not create, incur or permit to exist, and shall defend its respective properties and assets against, and shall take such other action as is necessary to remove, any and all Liens in and other claims affecting such properties and assets, other than the Permitted Liens, and each Pledged Issuer shall defend the right, title and interest of the Lenders in and to such properties and assets against the claims and demands of all Persons, other than in respect of the Permitted Liens.

16. **Voting Rights.** Unless an Event of Default has occurred and is continuing, the pledging Debtor Party shall be entitled to exercise all voting power from time to time exercisable with respect to the Pledged Securities and give consents, waivers and ratifications with respect thereto; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would be, or would have a reasonable likelihood of being, prejudicial to the interests of the Agent or the Lenders or which would have the effect of reducing the value of the Collateral as security for the Secured Liabilities or imposing any restriction on the transferability of any of the Collateral. Unless an Event of Default has occurred and is continuing, the Agent shall, from time to time at the request and expense of the Debtor, execute or cause to be

executed, with respect to all Pledged Securities that are registered in the name of the Agent or its nominee, valid proxies appointing the Debtor as its (or its nominee's) proxy to attend, vote and act for and on behalf of the Agent or such nominee, as the case may be, at any and all meetings of the applicable Pledged Issuer's shareholders or debt holders, all Pledged Securities that are registered in the name of the Agent or such nominee, as the case may be, and to execute and deliver, consent to or approve or disapprove of or withhold consent to any resolutions in writing of shareholders or debt holders of the applicable Pledged Issuer for and on behalf of the Agent or such nominee, as the case may be. Immediately upon the occurrence and during the continuance of any Event of Default, all such rights of the Debtor to vote and give consents, waivers and ratifications shall cease and the Agent or its nominee shall be entitled to exercise all such voting rights and to give all such consents, waivers and ratifications.

17. **Dividends; Interest.** Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to receive any and all cash dividends, interest, principal payments and other forms of cash distribution on the Pledged Securities which it is otherwise entitled to receive, but any and all stock and/or liquidating dividends, distributions of property, returns of capital or other distributions made on or with respect to the Pledged Securities, whether resulting from a subdivision, combination or reclassification of the outstanding capital stock of any Pledged Issuer or received in exchange for the Pledged Securities or any part thereof or as a result of any amalgamation, merger, consolidation, acquisition or other exchange of property to which any Pledged Issuer may be a party or otherwise, and any and all cash and other property received in exchange for any Pledged Securities shall be and become part of the Collateral subject to the Security Interests and, if received by the Debtor, shall forthwith be delivered to the Agent or its nominee (accompanied, if appropriate, by proper instruments of assignment and/or stock powers of attorney executed by the Debtor in accordance with the Agent's instructions) to be held subject to the terms of this Agreement; and if any of the Pledged Security Certificates have been registered in the name of the Agent or its nominee, the Agent shall execute and deliver (or cause to be executed and delivered) to the Debtor all such dividend orders and other instruments as the Debtor may request for the purpose of enabling the Debtor to receive the dividends, distributions or other payments which the Debtor is authorized to receive and retain pursuant to this Section. If an Event of Default has occurred and is continuing, all rights of the Debtor pursuant to this Section shall cease and the Agent shall have the sole and exclusive right and authority to receive and retain the cash dividends, interest, principal payments and other forms of cash distribution which the Debtor would otherwise be authorized to retain pursuant to this Section. Any money and other property paid over to or received by the Agent pursuant to the provisions of this Section shall be retained by the Agent as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement.

18. **Rights on Event of Default.** If an Event of Default has occurred and is continuing, then and in every such case all of the Secured Liabilities shall become immediately due and payable and the Security Interests shall become enforceable and the Agent, in addition to any rights now or hereafter existing under applicable Law shall, only upon the direction of the Required Lenders, personally or by agent, at such time or times as the Required Lenders may elect, do any one or more of the following:

- (a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Agent by contract, at law or in equity.
- (b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor Parties shall, at their expense, immediately cause the Collateral designated by the Agent to be assembled and made available and/or delivered to the Agent at any place designated by the Agent.
- (c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.
- (d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Agent may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person with respect to any of the Collateral.
- (e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor Parties and enter on, occupy and use (without charge by the Debtor Parties) any of the premises, buildings, plant and undertaking of, or occupied or used by, any Debtor Party.
- (f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Agent deems advisable.
- (g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Agent or elsewhere, with or without advertising or other formality, except as required by applicable Law, on such terms and conditions as the Agent may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.
- (h) Court-Approved Disposition of Collateral. Obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Collateral.
- (i) Purchase by Agent. At any public sale, and to the extent permitted by Law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain, sell or otherwise dispose of such Collateral without any further accountability to the Debtor Parties with respect to such holding, retention, sale or other disposition, except as required by Law. In any such sale to the Agent, the Agent may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any or all of the Secured Liabilities then due and payable to it as a credit against the purchase price.



- (j) Collect Accounts. Notify (whether in its own name or in the name of any Debtor Party) the account debtors under any Accounts of any Debtor Party of the assignment of such Accounts to the Agent and direct such account debtors to make payment of all amounts due or to become due to a Debtor Party with respect to such Accounts directly to the Agent and, upon such notification and at the expense of the Debtor Parties, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Agent deems appropriate in the circumstances.
- (k) Transfer of Collateral. Transfer any Collateral that is Pledged Securities into the name of the Agent or its nominee.
- (l) Voting. Vote any or all of the Pledged Securities (whether or not transferred to the Agent or its nominee) and give or withhold all consents, waivers and ratifications with respect thereto and otherwise act with respect thereto as though it were the outright owner thereof.
- (m) Exercise Other Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Collateral that is Pledged Securities as if the Agent were the absolute owner of such Pledged Securities.
- (n) Dealing with Contracts and Permits. Deal with any and all Contracts and Permits to the same extent as any Debtor Party might (including the enforcement, realization, sale, assignment, transfer, and requirement for continued performance), all on such terms and conditions and at such time or times as may seem advisable to the Agent.
- (o) Payment of Liabilities. Pay any liability secured by any Lien against any Collateral. The Debtor Parties shall immediately on demand reimburse the Agent for all such payments and, until paid, any such reimbursement obligation shall form part of the Secured Liabilities and shall be secured by the Security Interests.
- (p) Borrow and Grant Liens. Borrow money (including debtor-in-possession financing) for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor Parties and grant Liens on any Collateral (in priority to the Security Interests or otherwise) as security for the money so borrowed. The Debtor Parties shall immediately on demand reimburse the Agent for all such borrowings and, until paid, any such reimbursement obligations shall form part of the Secured Liabilities and shall be secured by the Security Interests.
- (q) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor Parties or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Agent under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable Law, any Receiver appointed

by the Agent shall (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor Parties and not of the Agent or any of the other Lenders.

- (r) Court-Appointed Receiver. Obtain from any court of competent jurisdiction an order for the appointment of a Receiver of any Debtor Party or of any or all of the Collateral.
- (s) Consultants. Require any Debtor Party to engage a consultant or sub-contractor of the Agent's choice, or engage a consultant or sub-contractor on its own behalf, such consultant or sub-contractor to receive the full cooperation and support of the Debtor Parties, the Lenders and their respective agents and employees, including unrestricted access to the premises of the Debtor Parties and the Books and Records; all reasonable fees and expenses of such consultant or sub-contractor shall be for the account of the Debtor Parties (or failing payment by the Debtor Parties, for the account of the Lenders in accordance with their Proportionate Interests) and each Debtor Party hereby authorizes any such consultant or sub-contractor to report directly to the Agent and to disclose to the Agent any and all information obtained in the course of such consultant's or sub-contractor's employment.

The Agent may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by this Section or by applicable Law) to or on any Debtor Party or any other Person, and each Debtor Party hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable Law. None of the above rights or remedies shall be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Each Debtor Party acknowledges and agrees that any action taken by the Agent hereunder following the occurrence and during the continuance of an Event of Default shall not be rendered invalid or ineffective as a result of the curing of the Event of Default on which such action was based.

19. Duties Upon Enforcement. Notwithstanding any duties imposed by applicable Law on the Agent to exercise remedies in a commercially reasonable manner, the Agent shall be entitled to rely solely upon the directions of the Required Lenders, and shall have no liability therefor other than for its own gross negligence or willful misconduct.

20. Grant of Licence. For the purpose of enabling the Agent to exercise its rights and remedies under this Agreement when the Agent is entitled to exercise such rights and remedies, and for no other purpose, effective upon the occurrence and during the continuance of an Event of Default, each Debtor Party grants to the Agent an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to any Debtor Party) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same. For copyright works, such licence shall include the benefit of any waivers of moral rights and similar rights.

21. **Application of Proceeds.** All Proceeds of Collateral received by the Agent or a Receiver may be applied to discharge or satisfy any reasonable expenses (including the Receiver's remuneration and other expenses of enforcing the Agent's rights under this Agreement), Liens on the Collateral in favour of Persons other than the Agent, borrowings, taxes and other outgoings affecting the Collateral or which are considered reasonably advisable by the Agent or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds shall be applied to such of the Secured Liabilities and paid to the Lenders in accordance with their respective Proportionate Interests in such manner and at such times as directed by the Required Lenders.

22. **Continuing Liability of Debtor.** The Debtor Parties shall remain liable for any Secured Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

23. **Appointment of Agent.** Each Lender hereby designates the Agent as administrative agent to act as herein specified. Each Lender hereby irrevocably authorizes the Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and to perform such duties hereunder as are specifically delegated to or required of the Agent by the terms hereof and such other powers as are reasonably incidental thereto.

24. **Agent's Appointment as Attorney-in-Fact.** Effective upon the occurrence and during the continuance of an Event of Default, each Debtor Party constitutes and appoints the Agent and any officer or agent of the Agent, with full power of substitution, as the Debtor Parties' true and lawful attorney-in-fact with full power and authority in the place of the Debtor Parties and in the name of one or more of the Debtor Parties or in its own name, from time to time in the Agent's reasonable discretion to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney, may be necessary or desirable to accomplish the carrying out of the provisions of Section 18. Each Debtor Party also grants the Agent an irrevocable proxy to vote the Pledged Securities and to exercise all other rights, powers, privileges and remedies to which a holder thereof would be entitled (including giving or withholding written consents of shareholders, calling special meetings of shareholders and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Securities on the Books and Records of a Pledged Issuer, upon the occurrence of an Event of Default. These powers are coupled with an interest and are irrevocable until the Release Date. Nothing in this Section affects the right of the Agent as secured party or any other Person on the Agent's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Agent or such other Person considers appropriate. Each Debtor Party hereby ratifies and confirms, and agrees to ratify and confirm, whatever lawful acts the Agent or any of the Agent's sub-agents, nominees or attorneys do or purport to do in exercise of the power of attorney granted to the Agent pursuant to this Section 24.

25. **Performance by Agent of Debtor's Obligations.** If any Debtor Party fails to perform or comply with any of its obligations under this Agreement, the Agent shall, upon the direction of the Required Lenders, perform or otherwise cause the performance or compliance of such

obligation, provided that such performance or compliance shall not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Agent incurred in connection with any such performance or compliance shall be payable by the Debtor Parties to the Agent immediately on demand, and until paid, any such expenses shall form part of the Secured Liabilities and shall be secured by the Security Interests.

26. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

27. **Rights of Agent; Limitations on Agent's Obligations; Indemnification.**

- (a) **Limitation on Duties of Agent; Actions on Direction of the Required Lenders.** The Agent shall have no duties or responsibilities except those expressly set out with respect to the Agent in this Agreement. The Agent shall not be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its gross negligence or willful misconduct. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have, by reason of this Agreement, a fiduciary relationship in respect of any other Lender. Nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement except as expressly set out herein. Notwithstanding anything herein to the contrary, the Agent: (i) shall not take any discretionary action permitted to be taken by it pursuant to this Agreement unless it is directed in writing to do so by the Required Lenders, and (ii) shall exercise any right or power, or take any discretionary action permitted to be taken by it, as the Required Lenders may direct the Agent to exercise or take.
- (b) **Independent Investigation.** Independently, and without reliance upon the Agent, each Lender, to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Debtor Parties in connection with the taking or not taking of any action in connection herewith, and (b) its own appraisal of the creditworthiness of the Debtor Parties, and, except as expressly provided in this Agreement, the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. Notwithstanding the foregoing, the Agent shall promptly provide copies of all information, statements, notices or other documentation in respect of, or pertaining to, the Debtor Parties or the Collateral that may be received by the Agent pursuant to the provisions of this Agreement.
- (c) **Agent Not Responsible.** The Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the

execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Agreement or the financial condition of any Debtor Party or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, or the financial condition of the Debtor Parties, or the existence or possible existence of any Event of Default.

- (d) Limitations on Liability of Lenders. Neither the Agent nor any other Lender shall be liable to any Debtor Party or any other Person for any failure or delay in exercising any of the Agent's or Lenders' rights under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Agent, any Lender, a Receiver nor any agent thereof is required to take, or shall have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession or otherwise. Neither the Agent, any Lender, any Receiver nor any agent thereof shall be liable for any, and the Debtor Parties shall bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Agent, any other Lender, any Receiver, or any agent thereof) caused for any reason other than the gross negligence or wilful misconduct of the Agent, such other Lender, such Receiver or such agent thereof.
- (e) Debtor Parties Remain Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, each Debtor Party shall remain liable under each of the documents giving rise to the Accounts of such Debtor Party and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of each such document and Contract. Neither the Agent nor any other Lender shall have any obligation or liability under any Account of a Debtor Party (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Agent of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), neither the Agent nor any other Lender shall be obligated in any manner to perform any of the obligations of a Debtor Party under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.
- (f) Collections on Accounts and Contracts. The Debtor shall be authorized to, at any time that an Event of Default is not continuing, collect its Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Agent at any time, any payments of Accounts or under Contracts, when collected by any Debtor Party,

shall be forthwith (and, in any event, within two Business Days) deposited by such Debtor Party in the exact form received, duly endorsed to the Agent if required, in a special collateral account maintained by the Agent, and until so deposited, shall be held by such Debtor Party in trust for the Agent, segregated from the other funds of the Debtor Parties. All such amounts while held by the Agent (or by a Debtor Party in trust for the Agent) and all income with respect thereto shall continue to be collateral security for the Secured Liabilities and shall not constitute payment thereof until applied as hereinafter provided. If an Event of Default has occurred and is continuing, the Agent may apply all or any part of the amounts on deposit in such special collateral account on account of the Secured Liabilities in such order as the Agent may elect. At the Agent's request, the Debtor Parties shall deliver to the Agent any documents evidencing and relating to the agreements and transactions which gave rise to its Accounts and the Contracts, including all original orders, invoices and shipping receipts.

- (g) Analysis of Accounts. At any time and from time to time, the Agent shall have the right to analyze and verify the Accounts of the Debtor Parties in any manner and through any medium that it reasonably considers advisable, and the Debtor Parties shall furnish all such assistance and information as the Agent may require in connection therewith. At any time and from time to time, the Agent may in its own name or in the name of others (including a Debtor Party) communicate with account debtors on the Accounts of the Debtor Parties and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Agent's reasonable request and at the expense of the Debtor Parties, the Debtor Parties shall furnish to the Agent reports showing reconciliations, aging and test verifications of, and trial balances for, its Accounts.
- (h) Use of Agents. The Agent may perform any of its duties hereunder by or through its agents, employees or sub-contractors. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, facsimile message or electronic mail, believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The Agent may consult with legal counsel (including counsel for the Debtor Parties), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.
- (i) Indemnification of Agent. To the extent the Agent is not reimbursed and indemnified by the Debtor Parties, each Lender shall reimburse and indemnify the Agent, in proportion to its Proportionate Interest, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, out-of-pocket expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement; provided that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses,

damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or willful misconduct

28. **Certain Rights of Agent.** If the Agent shall request instructions from the Required Lenders or, to the extent required by Section 37, Lenders having collective Proportionate Interests representing more than 75% of the aggregate Proportionate Interest (as the case may be) with respect to any act or action (including the failure to act) in connection with this Agreement, the Agent shall be entitled to refrain from such act or taking such action unless and until the Agent shall have received written instructions from the Required Lenders or, in the circumstances contemplated by Section 37, if applicable, Lenders having collective Proportionate Interests representing more than 75% of the aggregate Proportionate Interest Lenders, and the Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Agreement in accordance with the instructions of the Required Lenders, or, to the extent required by Section 37, Lenders having collective Proportionate Interests representing more than 75% of the aggregate Proportionate Interest.

29. **Agent in its Individual Capacity.** With respect to its obligations under this Agreement and the Loans made by it, the Agent, in its capacity as a Lender hereunder, shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties, if any, specified herein; and the term "**Lenders**" and any similar terms shall, unless the context clearly otherwise indicates, include the Agent in its capacity as a Lender hereunder.

30. **Dealings by Agent.** The Agent shall not be obliged to exhaust its recourse against the Debtor, any other Debtor Party or any other Person or against any other security it may hold with respect to the Secured Liabilities or any part thereof before realizing upon or otherwise dealing with the Collateral in such manner as the Agent may consider desirable. The Agent and the other Lenders may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor Parties and any other Person, and with any or all of the Collateral, and with other security and sureties, as they may see fit, all without prejudice to the Secured Liabilities or to the rights and remedies of the Agent under this Agreement.

31. **No Independent Legal Action.** No Lender may take any independent legal action to enforce any obligation of the Debtor Parties hereunder. Each Lender hereby acknowledges that, to the extent permitted by applicable Law, this Agreement and the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally, and further acknowledges that each Lender's rights hereunder are to be exercised collectively, not severally, by the Agent in accordance with the provisions of this Agreement. Accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action to enforce any obligation of the Debtor Parties hereunder, including any declaration of default hereunder, but that any such action shall be taken only by the Agent acting on the written instruction of the Required Lenders in accordance with Sections 18 and 27(a). Each Lender hereby further covenants and agrees that

it shall co-operate fully with the Agent to the extent requested by the Agent, and that all proceeds from the realization of the Security Interests, to the extent permitted by applicable Law, shall be held for the benefit of all of the Lenders and shall be shared among the Lenders rateably in accordance with their Proportionate Interests, and each Lender acknowledges that all costs of any such realization (including all amounts for which the Agent is required to be indemnified under the provisions hereof) shall be shared among the Lenders rateably in accordance with their Proportionate Interests. Each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, so as to fully carry out the intent and purpose of this Section 31 and each Lender hereby covenants and agrees that it shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Debtor Parties hereunder, under any other Loan Document or any other document, instrument, writing or agreement ancillary hereto or thereto, other than the Security Interests as are provided hereunder or otherwise to or for the benefit of all of the Lenders, and that it shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Loans, unless all of the Lenders shall at the same time obtain the benefit of any such security or agreement, as the case may be.

32. **Replacement of Agent.** The Agent may at any time give notice of its resignation to the Lenders and the Debtor. Upon receipt of any such notice of resignation, the Lenders shall have the right to appoint a successor, which shall be approved in writing by the Required Lenders, and such successor shall be a Lender. The Agent may also be removed at any time by the agreement in writing of the Required Lenders upon 10 days' notice to the Agent and the Debtor as long as the Required Lenders appoint and obtain the acceptance of a successor Agent within such 10 days, and such successor shall be a Lender. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 10 days after the retiring Agent's giving of notice of its resignation or after the Lenders giving notice to the Agent of its removal, then, upon 5 days' notice to the Debtor and the Lenders, the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a Canadian chartered bank, other financial institution, accounting firm, trustee or other Person organized under the laws of Canada or a province thereof regularly engaged in the business of acting as an agent under similar agreements. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of Section 27 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

33. **Communication.** Any notice, report or other communication required to be delivered to the Agent and/or the Lenders under any Loan Documents shall be sent to the Agent and the Lenders by the party delivering such notice in accordance with the notice provisions of the applicable Loan Document. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission, e-mail or other similar means of electronic communication, in each case to the address, facsimile number or e-mail address of the Debtor Party, Agent or Lender set out in this Agreement, including Schedule A hereto. Any communication so given shall be deemed to have been given and to have been received on the day of delivery if so delivered, or on the day of



facsimile transmission or sending by other means of recorded electronic communication provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication shall be deemed to have been given and to have been received on the following Business Day. Any communication sent by mail shall be deemed to have been given and to have been received on the fifth Business Day following mailing, provided that no disruption of postal service is in effect. The Debtor Parties, the Agent and the Lenders may from time to time change their respective addresses, facsimile numbers or e-mail addresses for notice by giving notice to the other in accordance with the provisions of this Section. The address, facsimile number and e-mail address of the Debtor and the Agent are set out below and of each Lender are set out on the signature pages to this Agreement:

The Debtor:

Address: Gedex Systems Inc.  
407 Matheson Blvd. East  
Mississauga, Ontario  
L4Z 2H2

Attention: Glen Sincarsin  
Facsimile: (289) 374-3350  
E-mail: glen.sincarsin@gedex.com

The Agent:

Address: FCMi  
181 Bay Street, Suite 250  
Toronto, Ontario  
M5J 2T3

Attention: Yakov Z. Friedman  
Facsimile: (416) 364-0572  
E-mail: yfriedman@friedberg.ca

34. **Release of Information.** Each Debtor Party authorizes the Agent and the Lenders to provide a copy of this Agreement and such other information as may be requested of the Agent or such Lender (i) to the extent necessary to enforce the Agent's rights, remedies and entitlements under this Agreement, (ii) to any assignee or prospective assignee of all or any part of the Secured Liabilities, and (iii) as required by applicable Law.

35. **Expenses; Indemnity; Waiver.**

- (a) Each Debtor Party shall pay (i) all reasonable out-of-pocket expenses incurred by the Agent and the Lenders, including the reasonable fees, charges and

disbursements of counsel for the Agent and the Lenders and all applicable taxes, in connection with the preparation and administration of this Agreement and the other Loan Documents, (ii) all reasonable out-of-pocket expenses incurred by the Agent and the Lenders, including the reasonable fees, charges and disbursements of counsel for the Agent and the Lenders and applicable taxes, in connection with any amendments, modifications or waivers of the provisions hereof and thereof, and (iii) all reasonable out-of-pocket expenses incurred by the Agent and the Lenders, including the fees, charges and disbursements of any counsel for the Agent and the Lenders and all applicable taxes, in connection with the assessment, enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, including their rights under this Section, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations with respect to the Secured Liabilities. To the extent the Agent is not reimbursed by the Debtor Parties for the foregoing expenses, fees, charges and disbursements, each Lender shall reimburse the Agent for such expenses, fees, charges and disbursements in proportion to its Proportionate Interest.

- (b) Each Debtor Party shall on a joint and several basis indemnify the Agent and the Lenders against, and hold the Agent and the Lenders harmless from, any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses and all applicable taxes (other than taxes in respect of income or capital gains) to which the Agent or any Lender may become subject arising out of or in connection with (i) the execution or delivery of this Agreement and the other Loan Documents and the performance by each Debtor Parties of its obligations hereunder and under the other Loan Documents, (ii) any actual or prospective claim, litigation, investigation or proceeding relating to this Agreement, the other Loan Documents or the Secured Liabilities, whether based on contract, tort or any other theory and regardless of whether the Agent or any Lender is a party thereto, (iii) any other aspect of this Agreement or any other Loan Documents, or (iv) the enforcement of the Agent's and Lenders' rights hereunder and under the other Loan Documents, and any related investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not, as to the Agent or any Lender, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of the Agent or such Lender.
- (c) Each of the Debtor Parties shall not assert, and hereby waives (to the fullest extent permitted by applicable Law), (i) any claim against the Agent or any Lender (or any director, officer or employee thereof), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any other Loan Document, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or

remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

- (d) All amounts due under this Section shall be payable to the Agent for the benefit of the applicable Lenders not later than three Business Days after written demand therefor.
- (e) The indemnifications set out in this Section shall survive the Release Date and the release or extinguishment of the Security Interests.

36. **Release of Debtor.** Upon the written request of the Debtor given at any time on or after the Release Date, the Agent shall, at the expense of the Debtor Parties, release the Debtor Parties and the Collateral from the Security Interests and such release shall serve to terminate any licence granted in this Agreement. Upon such release, and at the request and expense of the Debtor Parties, the Agent shall execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably request. For greater certainty, no termination or release of this Agreement or any of the other Loan Documents shall constitute a release or termination of the Participation Right Agreement unless expressly referenced in such release or termination.

37. **Compliance with Interest Act (Canada).** For the purposes of this Agreement, whenever interest is to be calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis of such determination.

38. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Agent upon approval of Lenders having collective Proportionate Interests representing more than 75% of the aggregate Proportionate Interest of the Lenders. The Agent and the Lenders shall not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent or any Lender would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of the Debtor Parties to pay the Secured Liabilities, nor shall the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor shall the acceptance of any payment or other security constitute or create any novation.

39. **Amalgamation.** Each Debtor Party acknowledges that if it amalgamates or merges with any other corporation or corporations, then (i) the Collateral and the Security Interests shall extend to and include all the property and assets of the amalgamated corporation and to any

property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor" or "Debtor Party, as the case may be, where used in this Agreement, shall extend to and include the amalgamated corporation, and (iii) the term "Secured Liabilities", where used in this Agreement, shall extend to and include the Secured Liabilities of the amalgamated corporation.

40. **Governing Law; Attornment.** This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Agent to enforce this Agreement in any other proper jurisdiction, the Debtor Parties irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of such Province. To the extent permitted by applicable Law, the Debtor Parties irrevocably waive any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

41. **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set out herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (e) all references herein to Sections and Schedules shall be construed to refer to Sections and Schedules to, this Agreement, Section headings are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference in this Agreement to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Security Interest to any Permitted Lien.

42. **Successors and Assigns.**

- (a) This Agreement shall enure to the benefit of, and be binding on, the Debtor Parties and their successors and permitted assigns, and shall enure to the benefit of, and be binding on, the Lenders and the Agent and their respective successors and assigns.
- (b) The Debtor Parties may not assign this Agreement, or any of their rights or obligations under this Agreement.

- (c) A Lender may assign this Agreement, or any rights or obligations under this Agreement to any other Lender or to an Affiliate of the Lender, or, with the written consent of the Debtor and upon prior written notice to the Agent, to any other Person; provided that the consent of the Debtor shall be granted unless the board of directors of the Debtor determines, acting reasonably, that such proposed assignment or transfer to such other Person is competitively sensitive to the Debtor; provided further that if any Event of Default is continuing, no consent of the Debtor shall be required for any assignment or transfer.
- (d) Notwithstanding the foregoing provisions of this Section 42, the consent of the Debtor or any other Person shall not be required for any assignment or transfer by FCMI of this Agreement, or any rights or obligations under this Agreement, to any other Person.

43. **Acknowledgment of Receipt/Waiver.** Each Debtor Party acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable Law, waives the right to receive a copy of any financing statement or financing change statement registered in connection with this Agreement or any other Loan Document or any verification statement issued with respect to any such financing statement or financing change statement.

44. **Enforcement by Agent.** This Agreement and the Security Interests may be enforced only by the action of the Agent acting on behalf of the Lenders and no other Lender shall have any rights individually to enforce or seek to enforce this Agreement or any of the Security Interests, it being understood and agreed that such rights and remedies may be exercised by the Agent for the benefit of the Lenders upon the terms of this Agreement.

45. **Currency.** All dollar amounts expressed in this Agreement including Schedule A to this Agreement are in the lawful currency of the United States of America.

46. **Taxes and Set-Off.** All payments to be made by the Debtor Parties hereunder and under any of the other Loan Documents shall be made without set-off, compensation, deduction or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable Law requires a Debtor Party to make any such deduction or withholding from any such payment, the sum due from such Debtor Party with respect to such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Agent and the Lenders, receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

47. **Confirmation of Security.** Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents to which any Debtor Party is a party, and (iii) is in full force and effect, unamended.

48. **Acknowledgement of Guarantors.** Each of the Debtor Parties that has executed a Guarantee (each a "**Guarantor**") acknowledges and consents to the execution, delivery and performance of this Agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

49. **Electronic Signature.** Delivery of an executed signature page to this Agreement by any party by facsimile or other electronic form of transmission shall be as effective as delivery by such party of a manually executed copy of this Agreement by such party.

*[signatures on the next following page]*

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

**Debtor**

**GEDEX SYSTEMS INC.**

by



Name: Rudi P. Fronk

Title: Chairman

Name:

Title:

**Debtor Parties**

**GEDEX TECHNOLOGIES INC.**

by

Name:

Title:

Name:

Title:

**GEDEX AVIATION INC.**

by

Name:

Title:

Name:

Title:

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

Debtor

GEDEX SYSTEMS INC.

by

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

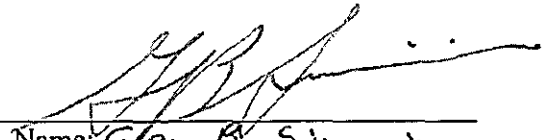
\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

Debtor Parties

GEDEX TECHNOLOGIES INC.

by

  
\_\_\_\_\_  
Name: Glen B. Sincarsin

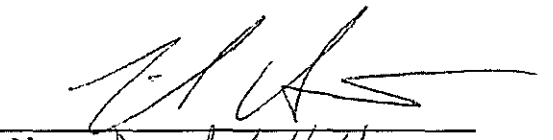
\_\_\_\_\_  
Title: President

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

GEDEX AVIATION INC.

by

  
\_\_\_\_\_  
Name: David M. Hatch

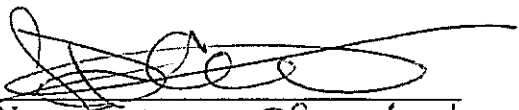
\_\_\_\_\_  
Title: President

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:



**BLACK BAY MINERALS  
CORPORATION**

by   
Name: John P. Clisbourn  
Title: Director

\_\_\_\_\_  
Name:  
Title:

**Agent****FCMI PARENT CO.**by 

Name:

Title:

DAW Setton  
V.P.

Name:

Title:

**Lenders****FCMI PARENT CO.**by 

Name:

Title:

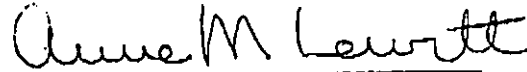
DAW Setton  
V.P.

Name:

Title:

SIGNED & DELIVERED  
in the presence of:

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Anne M. Lewitt

**50 KING CAPITAL EXPLORATION  
INC.**

by \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

**BUSINESS ARTS INC.**

by \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Glen Sincarsin

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Anne M. Lewitt

**50 KING CAPITAL EXPLORATION  
INC.**

by

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

**BUSINESS ARTS INC.**

by

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

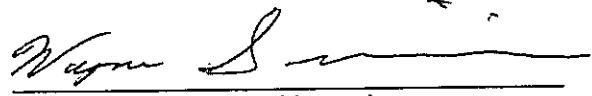
SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Glen Sincarsin

SIGNED & DELIVERED  
in the presence of:

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Wayne Sincarsin

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Roger Bernard Jones

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Benoit deVitry

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Brian Olson

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Wayne Sincarsin

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Roger Bernard Jones

SIGNED & DELIVERED  
in the presence of:

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Benoit de Vitry

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Brian Olson

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Wayne Sincarsin

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Roger Bernard Jones

SIGNED & DELIVERED  
in the presence of:


\_\_\_\_\_  
Witness

\_\_\_\_\_  
Benoit deVitry

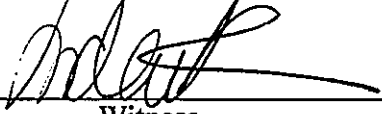
SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

MARIA OLSON

  
\_\_\_\_\_  
Brian Olson

SIGNED & DELIVERED  
in the presence of:

  
\_\_\_\_\_  
Witness  
\_\_\_\_\_

Keith Morrison

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Timothy Moran

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
William Breukelman

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Paul Lewitt



## SCHEDULE A

### LENDERS

<u>Lender</u>	<u>Committed Tranche A Amount (November 14, 2013) (U.S. \$)</u>	<u>Committed Tranche B Amount (April 25, 2014) (U.S. \$)</u>	<u>Committed Additional Tranches (U.S. \$)</u>	<u>Committed Tranche C Amount (March 17, 2015) (U.S. \$)</u>	<u>Aggregate Committed Amount (U.S. \$)</u>	<u>Proport- ionate Interest</u>	<u>Address including Fax and Email Addresses</u>
FCMI Parent Co.	\$4,090,814.09	\$200,000.00	\$913,165.55	\$4,000,000.00	\$9,453,979.64	86.23%	181 Bay Street, Suite 250, Toronto, ON M5J 2T3 yfriedman@friedberg.ca
Anne M. Lewitt	\$292,122.80	\$0.00	\$0.00	\$0.00	\$292,122.80	2.74%	4 Lowther Avenue, Suite 701, Toronto, ON M5R 1C6 amle Witt@rogers.com
50 King Capital Exploration Inc.	\$243,469.75	\$0.00	\$0.00	\$0.00	\$243,469.75	2.28%	17511 Lakesedge Trail, Chagrin Falls Ohio, USA 44023 jdc1927@gmail.com (John Chisholm)
Business Arts Inc.	\$107,110.55	\$0.00	\$0.00	\$0.00	\$107,110.55	1.00%	c/o Elaine Breukelman 1801 Stonepath Crescent Mississauga, Ontario L4X 1Y1 elaine.netherton@icloud.com
Glen Sincarsin	\$50,000.00	\$0.00	\$0.00	\$0.00	\$50,000.00	0.47%	206 Yorkland Street, Richmond Hill, Ontario L4S 1A2 glen.sincarsin@gedex.com
Wayne Sincarsin	\$25,000.00	\$0.00	\$0.00	\$0.00	\$25,000.00	0.23%	48 Maryvale Crescent, Richmond Hill, Ontario L4C 6P8 wayne.sincarsin@gedex.com
Roger Bernard Jones	\$75,741.41	\$0.00	\$0.00	\$0.00	\$75,741.41	0.71%	22 Chemin des Cotes, Founex, Vaud 1297 Switzerland charnaud@btinternet.com
Benoit de Vitry	\$75,741.41	\$0.00	\$0.00	\$0.00	\$75,741.41	0.71%	70 Ladbroke Road, W11 3NS, London, UK benoit.devitry@btinternet.com
Brian Olson	\$40,000.00	\$0.00	\$0.00	\$0.00	\$40,000.00	0.37%	7 Normandy Road, Larchmont, NY 10538 brian.olson@barclays.com
Keith Morrison	\$0.00	\$13,162.77	\$0.00	\$0.00	\$13,162.77	0.12%	206 North Shore Blvd. East Burlington, ON L7T 1W9
Timothy Moran	\$0.00	\$15,384.31	\$0.00	\$0.00	\$15,384.31	0.14%	14 Burnaby Blvd.,

William Breukelman	\$0.00	\$38,751.38	\$0.00	\$0.00	\$38,751.38	0.36%	Toronto, ON M4R 1B4 1801 Stonepath Crescent, Mississauga, ON L4X 1Y1
Paul Lewitt	\$0.00	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.94%	4 Lowther Avenue, Suite 701, Toronto, ON M5R 1C6
Gedex Development Partnership	\$0.00	\$0.00	\$393,540.10	\$0.00	\$393,540.10	3.69%	407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2
<b>Total</b>	<b>\$5,000,000.00</b>	<b>\$367,298.46</b>	<b>\$1,306,705.65</b>	<b>\$4,000,000.00</b>	<b>\$10,924,004.11</b>	<b>100.00%</b>	

## SCHEDULE B

### DEBTOR INFORMATION

**Full legal name:** Gedex Systems Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** British Columbia.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

403 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("403").

391 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("Storage Closet").

Unit C of Hangar 70 at the Brampton Flying Club ("Hangar").

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** 407, 403, Storage Closet and Hangar.

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:**

Gedex Technologies Inc., Gedex Aviation Inc. and Black Bay Minerals Corporation.

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Technologies Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

403 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("403").

391 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("Storage Closet").

Unit C of Hangar 70 at the Brampton Flying Club ("Hangar").

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Black Bay Minerals Corporation

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Aviation Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Alberta.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario and Alberta.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Pledged Certificated Securities:**

<b>Pledged Issuer</b>	<b>Securities Owned</b>	<b>% of issued and outstanding Securities of Pledged Issuer</b>	<b>Security Certificate Numbers</b>	<b>Security Certificate Location</b>
Gedex Technologies Inc.	100 Common Shares	100%	C001	407
Gedex Aviation Inc.	1 Common Share	100%	I	407
Black Bay Minerals Corporation	12,000,000 Class A Common Shares	80.9%	CA-1	407

**Registered trade-marks and applications for trademark registrations:**

<b>Country</b>	<b>Trade-mark</b>	<b>Application No.</b>	<b>Application Date</b>	<b>Registration No.</b>	<b>Registration Date</b>	<b>Licensed to or by Debtor</b>
Canada	GEDEX	1086280	2000-12-13	TMA597303	2003-12-11	N
Canada	HD-AGG	1301539	2006-05-15	TMA695979	2007-09-10	N
Canada	AGG	1145714	2002-07-04	TMA643568	2005-07-05	N
USA	HD-AGG	77300492	2007-10-10	3559248	2009-01-06	N

**Patents and patent applications:**

<b>Country</b>	<b>Title</b>	<b>Patent No. / Application No.</b>	<b>Application Date</b>	<b>Date of Grant</b>	<b>Licensed to or by Debtor</b>
USA	Gravity Gradiometry	6837106	2001-11-27	2005-01-04	N
Canada	Gravity Gradiometry	2429828	2003-05-23	2011-02-08	N
Russia	Mode of Gravity Gradiometry and Arrangements for its Realization	2298211	2001-11-27	2007-04-27	N
Australia	Gravity Gradiometry	2002221398	2001-11-27	2007-01-18	N
USA	System and Method for Surveying Underground Density Distributions	6954698	2003-06-27	2005-10-11	N
Canada	System and Method for Surveying Underground Density Distributions	2488511	2004-12-03	2012-07-03	N
Australia	System and Method for Surveying Underground Density Distributions	2003245762	2003-06-26	2008-05-15	N
USA	Gravity Gradiometer	7360419	2006-07-28	2008-04-22	N
Australia	Gravity Gradiometer	2006274414	2008-02-26	2012-06-28	N
Canada	Gravity Gradiometer	2620325	2008-01-29		N
Canada	Gravity Gradiometer	2837438	2006-07-27	2015-04-14	N
South Africa	Gravity Gradiometer	20080001887	2006-07-27	2009-09-30	N
USA	Method for Oil Sand Exploration and Development	7874358	2008-06-26	2011-01-25	N

<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
Canada	Method for Oil Sand Exploration and Development	2636180	2008-06-26		N
USA	Gravity Gradiometer with Torsion Flexure Pivots	8201448	2009-10-23	2012-06-19	N
USA	Quadrupole responder for OQR-type Gravity Gradiometer	9038457	2012-05-11	2015-05-26	N
USA	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012021078389094 96	2012-02-17	2014-12-09	N
PCT	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012109738	2012-02-17		N
Australia	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012218782	2013-09-03		N
EP	Gravity Gradiometer and Methods for Measuring Gravity Gradients	12747344.5	2013-09-13		N
Canada	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2860578	2012-02-17		
USA	Single Axis Rotational Gas Bearing with Feed-Through	9121447	2013-08-28	2015-09-01	N
Canada	Single Axis Rotational Gas Bearing with Feed-Through	2834615	2013-11-26		N
Australia	Single Axis Rotational Gas Bearing with Feed-Through	2013266973	2013-12-03		N
USA	Dual SQUID Measurement Device	14/503661	2014-10-01		N
USA	System and method of protection for spacecraft electronics	14/606,167	2015-01-27		N
USA	Cryogenic Coil Assembly and method of manufacturing same	14/535,524	2014-11-07		N
USA	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	14/672,808	2015-03-30		N
USA	Inertial sensing augmentation for navigation of low-thrust spacecraft	62/108,688	2015-01-28		

**Copyright registrations and applications for copyright registrations:**

<i>Country</i>	<i>Work</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Licensed to or by Debtor</i>



Industrial designs/registered designs and applications for registered designs:

<i>Country</i>	<i>Design</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Issue Date</i>	<i>Licensed to or by Debtor</i>

**SCHEDULE C****PERMITTED LIENS**

1. Aircraft Loan, Mortgage and Security Agreement dated as of May 21, 2004 between the Debtor and MBHD Holdings Ltd. regarding the 1994 Cessna 208 Caravan Manufacturer's Serial No. 20800237, as amended, and evidence by Personal Property Security Act (Ontario) ("PPSA") Financing Statement 20110617 1451 1862 1907, File no. 670770891.
2. Amended and Restated Agreement for the Development, Testing, and Deployment of the Gedex AGG dated February 29, 2008 between De Beers ATL Limited and the Debtor (security agreed to be granted in the "De Beers Systems" (as defined in the agreement) but to date not perfected or registered).
3. General Security Agreement dated February 22, 2013 between GTI and Espresso Capital Tax Credit Fund III Limited Partnership, and evidenced by PPSA Financing Statement 20130226 1203 1793 7756, File no. 684902907.
4. General Security Agreement dated October 21, 2013 between the Debtor and Espresso Capital, and evidenced by PPSA Financing Statement 20131021 0833 1793 8430, File no. 691192422.
5. Security Agreement dated February 4, 2015 between GTI and Glen Sincarsin (security granted but to date not perfected or registered).
6. Security Agreement dated February 4, 2015 between GTI and Wayne Sincarsin (security granted but to date not perfected or registered).
7. Security Agreement dated February 4, 2015 between GTI and David Hatch (security granted but to date not perfected or registered).
8. Security Agreement dated February 4, 2015 between GTI and Cavelle Associates Ltd. (security granted but to date not perfected or registered).
9. Security Agreement dated February 4, 2015 between GTI and Donaldson & Diwik Inc. (security granted but to date not perfected or registered).

## SCHEDULE D

### CONTRACTS NOT PERMITTED TO BE DISCLOSED

1. Subscription Agreement dated as of November 30, 2010 made between the Debtor, 2263969 Ontario Inc. and 50 King Capital Exploration Inc. (then known as Cliffs Natural Resources Exploration Inc.) [Investment agreement for purchase of 8M convertible preferred shares plus options to purchase an additional 7M convertible preferred shares.]
2. Option Agreement dated as of November 30, 2010 made between the Debtor, 2263969 Ontario Inc. and 50 King Capital Exploration Inc. (then known as Cliffs Natural Resources Exploration Inc.) [Options to purchase 7M additional convertible preferred shares.]
3. Access Agreement made November 30, 2010 between the Debtor and 50 King Capital Exploration Inc. (then known as Cliffs Natural Resources Exploration Inc.) [HD-AGG system access agreement.]
4. Heads of Agreement between Anglo American Exploration Luxembourg SARL, Spectrem Air Ltd. and the Debtor dated February 29, 2008. [Common share investment and option for Anglo to purchase a 3-axis HD-AGG system to be commissioned by Anglo.]
5. Amended and Restated Agreement for the Development, Testing and Deployment of the Gedex AGG between De Beers ATL Limited and the Debtor dated February 29, 2008, as amended. [Common share investment and HD-AGG system access agreement.]
6. Deed of Acknowledgement and Variation between the Debtor and Technological Resources Pty Limited made effective as of July 1, 2005, as amended. [Technology licence and HD-AGG system access agreement.]
7. Amended Exclusive License Agreement between the Debtor and University of Maryland dated April 20, 2007, as amended. [Technology licence agreement.]

## SCHEDULE E

### WARRANTS / OPTIONS

Warrant Holders	Number of Warrants	Expiry Date
MBHD Holdings Limited	15,000	May 30, 2016
IBK Capital Corp.	500,000	April 17, 2017
MBHD Holdings Ltd.	15,000	May 31, 2017
MBHD Holdings Ltd.	30,000	April 4, 2018
Espresso Capital Tax Credit III Fund Limited Partnership	25,000	November 11, 2018
NBCN Inc. ITF 5V9996A Lowen, Ontaatje, McCutcheon Ltd. (890945)	75,000	April 24, 2019
Lenders as per 2013 Secured Term Loan Financing	14,999,998	November 14, 2018
Lenders as per 2014 Secured Term Loan Financing	23,642,620	April 25, 2019
MBHD Holdings Ltd.	25,000	TBD
MBHD Holdings Ltd.	40,000	TBD
Conwin	100,000	February 11, 2017
John Kenneth Tam	5,000	February 11, 2017
Ron Neal	40,000	February 11, 2017
Cavalle Associated Ltd.	20,000	TBD
Wayne Sincarsin	20,000	TBD
Glen Sincarsin	40,000	TBD
Donaldson & Diwik Inc.	20,000	TBD
David Hatch	20,000	TBD
	<u><b>39,632,618</b></u>	

Restricted Share Units Investor	Number of Units
Keith Morrison	806,044

OPTION LIST BY ISSUE DATE

Name	Issue date (mm/dd/yyyy)	Expiry Date (mm/dd/yyyy)	# of Options	Exercise Price
<b>Employees</b>				
Glen Sincarsin	31/03/2006	30/09/2016	100,000	0.25
Wayne Sincarsin	18/09/2006	30/09/2016	50,000	0.25
David Hatch	20/05/2008	30/09/2016	400,000	0.60
Rob Cook	30/06/2008	30/09/2016	25,000	0.60
David Lagzdin	23/07/2008	30/09/2016	25,000	0.60
Hong Wong	23/07/2008	30/09/2016	20,000	0.60
Jitesh Tripathi	23/07/2008	30/09/2016	20,000	0.60
Maria Annecchione	23/07/2008	30/09/2016	5,000	0.60
Melanie Clark	23/07/2008	30/09/2016	10,000	0.60
Ming Xu	23/07/2008	30/09/2016	25,000	0.60
Ram Ramaswami	23/07/2008	30/09/2016	20,000	0.60
Xiaotao Yi (Rose)	23/07/2008	30/09/2016	20,000	0.60
Vincent Ferri	23/07/2008	30/09/2016	20,000	0.60
Ilia Tanski	23/07/2008	30/09/2016	80,000	0.60
Kenneth Baker	23/07/2008	30/09/2016	25,000	0.60
Kieran Carroll	23/07/2008	30/09/2016	25,000	0.60
Wayne Sincarsin	23/07/2008	30/09/2016	50,000	0.60
Glen Sincarsin	27/08/2008	30/09/2016	250,000	0.60
Bruce Dickson	16/10/2008	30/09/2016	150,000	0.60
Beth Miele	28/11/2008	30/09/2016	90,000	0.60
Bahman Ghanbari (Ben)	02/12/2008	30/09/2016	20,000	0.60
Maria Annecchione	30/03/2011	30/09/2016	20,000	0.25
Kenneth Baker	30/03/2011	30/09/2016	100,000	0.25
Kieran Carroll	30/03/2011	30/09/2016	350,000	0.25
Trexon Inc. (Sphero Pefhany)	12/02/2009	30/09/2016	100,000	0.60
Cavelle Associates Ltd Or John Sinton	10/02/2009	30/09/2016	70,000	1.00
Brian Main	05/08/2010	30/09/2016	600,000	1.00
Glen Sincarsin	30/03/2011	30/09/2016	200,000	1.00
Trexon Inc or Sphero Pefhany	30/03/2011	30/09/2016	50,000	1.00
Ben Ghanbari	30/03/2011	30/09/2016	10,000	1.00
1278139 Ontario Inc. (Beth Miele)	30/03/2011	30/09/2016	50,000	1.00
Brian Main	30/03/2011	30/09/2016	100,000	1.00
Bruce Dickson	30/03/2011	30/09/2016	50,000	1.00
David Hatch	30/03/2011	30/09/2016	100,000	1.00
David Lagzdin	30/03/2011	30/09/2016	16,000	1.00
Hong Wong	30/03/2011	30/09/2016	24,000	1.00
Ilia Tanski	30/03/2011	30/09/2016	15,000	1.00
Jitesh Tripathi	30/03/2011	30/09/2016	10,000	1.00
Kenneth Baker	30/03/2011	30/09/2016	25,000	1.00
Maria Annecchione	30/03/2011	30/09/2016	30,000	1.00
Melanie Clark	30/03/2011	30/09/2016	30,000	1.00
Ming Xu	30/03/2011	30/09/2016	16,000	1.00
Phi Le	30/03/2011	30/09/2016	10,000	1.00
Ram Ramaswami	30/03/2011	30/09/2016	10,000	1.00
Rob Cook	30/03/2011	30/09/2016	16,000	1.00
Vincent Ferri	30/03/2011	30/09/2016	10,000	1.00
Wayne Sincarsin	30/03/2011	30/09/2016	50,000	1.00
Xiaotao Yi	30/03/2011	30/09/2016	13,000	1.00
Cavelle Associates Ltd Or John Sinton	30/03/2011	30/09/2016	33,000	1.00
Carole Gray	23/06/2011	30/09/2016	10,000	1.00
Bryan Sincarsin	08/08/2011	30/09/2016	10,000	1.00
Shane Hefford	07/09/2011	30/09/2016	30,000	1.00
Igor Terefenko	27/07/2012	26/07/2017	10,000	1.00
Andy Dao	23/07/2008	30/09/2016	20,000	0.60
Timothy Moran	26/08/2010	30/09/2016	400,000	1.00
Andy Dao	30/03/2011	30/09/2016	6,667	1.00
Business Arts Inc	30/03/2011	30/09/2016	70,000	1.00
Anthony Griffiths	30/03/2011	30/09/2016	50,000	1.00
Timothy Moran	30/03/2011	30/09/2016	200,000	1.00
Chuck Allen	01/02/2015	21/01/2016	1,165,072	0.40
Garrett Herman	22/02/2008	30/09/2016	100,000	0.60
George Doumet	22/02/2008	30/09/2016	100,000	0.60
Jay Lefton	22/02/2008	30/09/2016	100,000	0.60

Anthony Griffiths	22/02/2008	30/09/2016	100,000	0.60
Wilfred Lewitt	22/02/2008	30/09/2016	100,000	0.60
William M. O'Reilly	30/08/2010	30/09/2016	100,000	1.00
David Breukelman	30/03/2011	30/09/2016	150,000	1.00
Garrett Herman	30/03/2011	30/09/2016	50,000	1.00
George Doumet	30/03/2011	30/09/2016	50,000	1.00
Jay Lefton	30/03/2011	30/09/2016	50,000	1.00
Sean M. Whiteford	30/03/2011	30/09/2016	150,000	1.00
Steve Thomas	30/03/2011	30/09/2016	150,000	1.00
William M. O'Reilly	30/03/2011	30/09/2016	50,000	1.00
Vol Moody	01/11/2008	30/09/2016	50,000	0.60
Breniklan Limited	15/09/2009	30/09/2016	500	1.00
Business Arts Inc	15/09/2009	30/09/2016	891	1.00
Eurogulf Finance SAL (George Doumet)	15/09/2009	30/09/2016	7,609	1.00
Lewitt Family Trust	15/09/2009	30/09/2016	1,000	1.00
Breniklan Limited	06/01/2010	30/09/2016	750	1.00
Business Arts Inc	06/01/2010	30/09/2016	1,500	1.00
Eurogulf Finance SAL (George Doumet)	06/01/2010	30/09/2016	11,389	1.00
Lewitt Family Trust	06/01/2010	30/09/2016	1,500	1.00
Anthony Griffiths	02/09/2010	30/09/2016	1,400	1.00
William M. O'Reilly	02/09/2010	30/09/2016	1,400	1.00
John Chisholm CoE	30/03/2011	30/09/2016	50,000	1.00
Michael Oristaglio CoE	30/03/2011	30/09/2016	50,000	1.00
Neil Willoughby CoE	30/03/2011	30/09/2016	50,000	1.00
Bob Peterson	30/03/2011	30/09/2016	50,000	1.00
<b>Total Options</b>			<b>7,037,678</b>	

## SCHEDULE F

### AIRCRAFT PROPERTY

The following described property comprises the “Aircraft Property”:

8. one airframe (the “Airframe”) identified as follows:

Manufacturer and Model	Year of Manufacture	Canadian Registration Mark	Manufacturer’s Serial Number
Cessna 208 Caravan	1994	C-GDEC	20800237

together with any and all Parts (as defined below) so long as the same shall be incorporated or installed in or attached to the Airframe, and any and all Parts removed therefrom after removal from the Airframe; (“Parts” means all appliances, parts, accessories, furnishings, instruments, appurtenances, components and other equipment (including all buyer-furnished and buyer-designed equipment) of whatever nature which may from time to time be incorporated or installed in or attached to the Airframe or any Engine (as defined below), excluding any complete Engine;

9. one engine identified as follows:

Manufacturer and Model	Manufacturer’s Serial Number
Pratt & Whitney PT6A-114A	PCE 17484

whether or not such engine is from time to time installed on the Airframe or is installed on any other airframe or any other aircraft or any replacement engine substituted for any such engine, in each case whether or not such engine (or any replacement engine) is from time to time installed on the Airframe or is installed on any other airframe or on any other aircraft, and together in each case with any and all Parts installed or incorporated in or attached thereto and any and all Parts removed therefrom (such engine, any replacement engine and any such Parts is hereinafter referred to as the “Engine”; and the Airframe and the Engine are hereinafter referred to collectively as the “Aircraft”);

10. all log books, Aircraft records, manuals, technical data, computer records and any other documents which related to the Aircraft, any Engine or Parts (whether or not required to be maintained by the aviation authority of the state or the country of registration of the Aircraft or the applicable maintenance program as approved by such aviation authority);
11. all warranties, service contracts and product agreements of any manufacturer or of any maintenance and overhaul agency of the Aircraft, or any subcontractor or supplier or vendor thereof and any and all rights of the Debtor to compel performance of the terms of such warranties, service contracts and product agreements in respect of any part of the Aircraft;
12. all the rents, issues, profits, revenues and other income generated by the sale, lease, charter or any other use of the Aircraft;
13. all rights under all policies of insurance relating to the Aircraft or other Aircraft Property;
14. any and all insurance and requisition proceeds with respect to the Aircraft Property; and
15. all proceeds of any of the foregoing,

save and except and specifically excluding from the definition of Aircraft Property, the Debtor's proprietary motion isolation and gravity measurement systems and all related or associated equipment and cargo wheresoever and howsoever the same may be attached to or placed on the Airframe, if and so long as any of the same may be removed from the Airframe without causing material damage thereto.



## SCHEDULE G

### LIST OF CONTRACTS PROVIDED

1. Aircraft loan, mortgage and security agreement dated as of May 21, 2004 between the Debtor and MBHD Holdings Ltd. (“**MBHD**”), as amended by amending agreements dated April 26, 2010, May 31, 2011, May 31, 2012, April 4, 2013, September 11, 2013 and the date hereof.
2. Amended and restated stock option plan of the Debtor dated as of May 17, 2012.
3. Contribution agreement made as of August 11, 2011 between Her Majesty the Queen in Right of Canada and the Debtor, as amended by amending agreements made March 28, 2012 and May 28, 2013.
4. General security agreement dated February 22, 2013 between GTI and Espresso Capital.
5. General security agreement dated October 21, 2013 between the Debtor and Espresso.
6. Guarantee dated as of September 11, 2013 by BBMC in favour of Paul and the Bridge Loan Lenders (as defined below).
7. Guarantee dated as of September 11, 2013 by GAI in favour of Paul and the Bridge Loan Lenders.
8. Guarantee dated as of September 11, 2013 by GTI in favour of Paul and the Bridge Loan Lenders.
9. Guarantee [undated] of the Debtor in favour of Espresso.
10. Loan agreement dated for reference April 30, 2013 between GTI and Espresso, as amended by amending agreements dated for reference June 28, 2013 and October 21, 2013.
11. Loan and security agreement made as of August 23, 2013 between the Debtor, Paul Traynor Lewitt, as agent (“**Paul**”), and the lenders thereunder (the “**Bridge Loan Lenders**”).
12. Priority and standstill agreement dated as of September 11, 2013 between Paul, MBHD and the Debtor.
13. Standstill & consent agreement dated September 11, 2013 between GTI, Paul and Espresso.
14. Security agreement dated as of September 11, 2013 between the Debtor and Paul.
15. Security agreement dated as of September 11, 2013 between BBMC and Paul.
16. Security agreement dated as of September 11, 2013 between GTI and Paul.

17. Security agreement dated as of September 11, 2013 between GAI and Paul.
18. Unanimous shareholders' agreement dated November 30, 2010 between the Debtor, its shareholders and certain principals of its shareholders.
19. Waiver and amendment dated as of October 4, 2013 between the Debtor, Paul, as administrative agent for the Bridge Loan Lenders, GTI, GAI and BBMC.

**SCHEDULE H**  
**OUTSTANDING SHARE CAPITAL**

GEDEX Systems Inc.  
Summarized Capitalization Table as at December 14, 2015

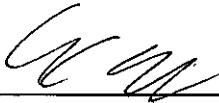
		Undiluted	%	Fully Diluted	%
<b>Class A Common Shares</b>					
Business Arts and Breukelman Family Interests		37,077,404	10.103%	37,852,743	8.619%
Anglo American Exploration Luxembourg SARL		4,166,667	1.135%	4,166,667	0.949%
De Beers Canada Inc.		4,166,667	1.135%	4,166,667	0.949%
Eric Sprott		8,333,334	2.271%	8,333,334	1.898%
Balance of shareholders		64,115,204	17.470%	75,359,525	17.160%
Total		117,859,276	32.115%	129,878,936	29.575%
<b>Class A Common Shares</b>					
FCMI	Nov-13		0.000%	12,272,442	2.795%
	Apr-14		0.000%	1,200,000	0.273%
	May-14		0.000%	4,200,000	0.956%
	Jun-14		0.000%	3,573,239	0.814%
	Jul-14		0.000%	3,496,818	0.796%
	Aug-14		0.000%	3,512,820	0.800%
	Sep-14		0.000%	3,403,712	0.775%
	Oct-14		0.000%	2,083,952	0.475%
	Nov-14		0.000%	1,168,288	0.266%
	Mar-15	230,136,334	62.708%	230,136,334	52.404%
		230,136,334	62.708%	265,047,605	60.354%
<b>Class B Common Shares</b>					
50 King Capital Exploration Inc.		6,000,000	1.635%	6,730,409	1.533%
<b>Convertible Preferred Shares</b>					
50 King Capital Exploration Inc.		13,000,000	3.542%	37,500,000	8.539%
		366,995,610	100.000%	439,156,950	100.000%

**SCHEDULE 15(f)****PERMITTED DEBT**

1. Indebtedness incurred pursuant to or in connection with the Espresso Capital Loan and Security Documents.
2. Indebtedness incurred pursuant to or in connection with the Aircraft Loan, Mortgage and Security Agreement.
3. Indebtedness incurred pursuant to or in connection with a contribution agreement made as of August 11, 2011, as amended, between Her Majesty the Queen in Right of Canada and the Debtor.
4. Indebtedness in the aggregate principal amount of up to \$1,000,000 owing to Business Arts Inc., incurred by the Debtor in accordance with the terms of Section 15(f), which indebtedness shall be subordinate to, but otherwise on terms substantially the same as, the Loan and the incurrence of such debt shall be contingent on the execution and delivery of a subordination agreement in form and substance satisfactory to the Agent, in its sole discretion.
5. Indebtedness incurred pursuant to or in connection with the Individual Loan and Security Documents.

**TAB 5**

This is Exhibit "5" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.



---

A Commissioner, etc.

## AMENDING AGREEMENT

Amending agreement dated November 28, 2016 between GEDEX SYSTEMS INC., GEDEX TECHNOLOGIES INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION (collectively, the "Debtor Parties"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "Agent") and FCMI PARENT CO., as a Lender.

### RECITALS:

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015 (the "Loan and Security Agreement");
- (b) The Parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date as provided in this amending agreement;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

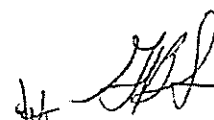
### Section 1      Defined Terms.

Capitalized terms used in this amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

### Section 2      Amendment to Section 4 of the Loan and Security Agreement.

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the later of (the "Tranche ABC Maturity Date") (i) January 31, 2017, and (ii) in the event that the Debtor raises at least U.S.\$1,500,000 of funding from sources including, but not limited to, the Lenders and existing shareholders of the Debtor Parties after November \_\_, 2016 and prior to January 31, 2017, the earlier of (A) March 31, 2017, and (B) the last day of the calendar month in which the Debtor





Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

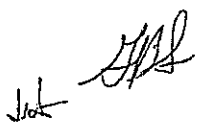
### Section 3        Representations.

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this amending agreement, other than (I) those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date and (II) those representations and warranties that were effected as a result of the dissolution of the Gedex Development Partnership on May 27, 2016 pursuant to which US\$393,540.10 Additional Tranche identified in Schedule 1 of the Loan Documents was repaid in full.
- (b) When executed, this amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

### Section 4        Reference to the Loan and Security Agreement.

On and after the date of this amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this amending agreement.



**Section 5            Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

**Section 6            Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) is in full force and effect, unamended.

**Section 7            No Other Changes.**

Except as specifically provided herein, this amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 8            Successors and Assigns.**

This amending agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

**Section 9            Governing Law.**

This amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 10          Counterparts.**

This amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this amending agreement.

A handwritten signature in dark ink, appearing to be 'MS' followed by a stylized flourish.

The parties have executed this amending agreement.

Debtor:

GEDEX SYSTEMS INC.

By: 

Name: ALLEN B. SINCARSIN

Title: PRESIDENT

Debtor Parties:

GEDEX TECHNOLOGIES INC.

By: 

Name: ALLEN B. SINCARSIN

Title: PRESIDENT

GEDEX AVIATION INC.

By: 

Name: DAVID HATCH

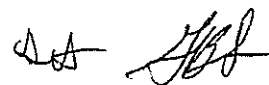
Title: PRESIDENT

BLACK BAY MINERALS CORPORATION

By: 

Name: John Christensen

Title: Director



Agent:

FCMI PARENT CO.

By: 

Name:

Dan Scheiner

Title:

VP

Lender:

FCMI PARENT CO.

By: 

Name:

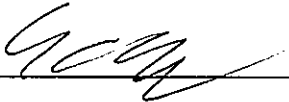
Dan Scheiner

Title:

VP

**TAB 6**

This is Exhibit "6" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, appearing to be "G. C. M.", is written over a horizontal line.

A Commissioner, etc.

## SECOND AMENDING AGREEMENT

Second amending agreement dated January 25, 2017 between GEDEX SYSTEMS INC., GEDEX TECHNOLOGIES INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION (collectively, the "Debtor Parties"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "Agent") and FCMI PARENT CO., as a Lender.

### RECITALS:

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016 (the "Loan and Security Agreement");
- (b) The Parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date as provided in this second amending agreement;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this second amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this second amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

### Section 1      **Defined Terms.**

Capitalized terms used in this second amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

### Section 2      **Amendment to Section 1 of the Loan and Security Agreement.**

- (a) The definition of "Replacement Funding" in Section 1 of the Loan and Security Agreement is deleted.
- (b) The definition of "Monthly Report" in Section 1 of the Loan and Security Agreement is deleted.

### Section 3      **Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

- 2 -

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on March 31, 2017 (the "Tranche ABC Maturity Date"), (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

#### **Section 4          Amendment to Section 15(s) of the Loan and Security Agreement.**

Section 15(s) of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Reporting Requirement. On the first Business Day of each calendar month, the Debtor Parties shall deliver to the Agent a certificate confirming the balance of each of the Debtor Parties' bank accounts as of the last Business Day of the immediately preceding calendar month and a detailed breakdown of any other funds immediately available to the Debtor Parties to pay their expenses as they become due in connection with the Business of the Debtor Parties."

#### **Section 5          Representations.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this second amending agreement, other than (I) those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date and (II) those representations and warranties that were effected as a result of the dissolution of the Gedex Development Partnership on May 27, 2016 pursuant to which US\$393,540.10 Additional Tranche identified in Schedule 1 of the Loan Documents was repaid in full.
- (b) When executed, this second amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this second amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.



- 3 -

- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

**Section 6      Reference to the Loan and Security Agreement.**

On and after the date of this second amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this second amending agreement.

**Section 7      Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this second amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

**Section 8      Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) is in full force and effect, unamended.

**Section 9      No Other Changes.**

Except as specifically provided herein, this second amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This second amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 10      Successors and Assigns.**

This second amending agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

- 4 -

**Section 11      Governing Law.**

This second amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 12      Counterparts.**

This second amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this second amending agreement.

The parties have executed this second amending agreement.

Debtor:

GEDEX SYSTEMS INC

By: 

Name: Gary B. Sincarsin

Title: PRESIDENT

Debtor Parties:

GEDEX TECHNOLOGIES INC

By: 

Name: Gary B. Sincarsin

Title: PRESIDENT

GEDEX AVIATION INC.

By: 

Name: David Huth

Title: COO

BLACK BAY MINERALS  
CORPORATION

By: 

Name: John Christel

Title: Director

Agent:

FCMI PARENT CO.

By: 

Name: Dan Scheiner

Title: VP

Lender:

FCMI PARENT CO.

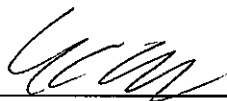
By: 

Name: Dan Scheiner

Title: VP

**TAB 7**

This is Exhibit "7" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in cursive script, appearing to be "G. M.", is written above a horizontal line.

A Commissioner, etc.

### THIRD AMENDING AGREEMENT

Third amending agreement dated March <sup>14</sup> 2017 between GEDEX SYSTEMS INC., GEDEX TECHNOLOGIES INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION (collectively, the "Debtor Parties"), FCMi PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "Agent") and FCMi PARENT CO., as a Lender.

#### RECITALS:

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016 and a second amending agreement dated January 25, 2017 (the "Loan and Security Agreement");
- (b) The Parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date as provided in this third amending agreement;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this third amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this third amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

#### Section 1 Defined Terms.

Capitalized terms used in this third amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

#### Section 2 Amendment to Section 4 of the Loan and Security Agreement.

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on June 30, 2017 (the "Tranche ABC Maturity Date"), (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to

close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

**Section 3        Representations.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this third amending agreement, other than (I) those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date and (II) those representations and warranties that were effected as a result of the dissolution of the Gedex Development Partnership on May 27, 2016 pursuant to which US\$393,540.10 Additional Tranche identified in Schedule 1 of the Loan Documents was repaid in full.
- (b) When executed, this third amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this third amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

**Section 4        Reference to the Loan and Security Agreement.**

On and after the date of this third amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this third amending agreement.

**Section 5        Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this third amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of



the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

**Section 6            Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) is in full force and effect, unamended.

**Section 7            No Other Changes.**

Except as specifically provided herein, this third amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This third amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 8            Successors and Assigns.**

This third amending agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

**Section 9            Governing Law.**

This third amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 10          Counterparts.**

This third amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this third amending agreement.

The parties have executed this third amending agreement.

Debtor:

GEDEX SYSTEMS INC.

By: 

Name:

GLEN SINCARSIN

Title:

PRESIDENT

Debtor Parties:

GEDEX TECHNOLOGIES INC.

By: 

Name:

GLEN SINCARSIN

Title:

PRESIDENT

GEDEX AVIATION INC.

By: 

Name:

David Hatch

Title:

COO

BLACK BAY MINERALS  
CORPORATION

By: 

Name:

John Christensen

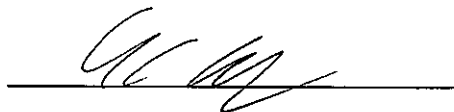
Title:

Director

**Agent:****FCMI PARENT CO.**By: Name: D. SchanerTitle: V.P.**Lender:****FCMI PARENT CO.**By: Name: D. SchanerTitle: V.P.

**TAB 8**

This is Exhibit "8" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, consisting of stylized, cursive letters, is written over a horizontal line.

A Commissioner, etc.

#### FOURTH AMENDING AGREEMENT

Fourth amending agreement dated May 25, 2017 between GEDEX SYSTEMS INC., GEDEX TECHNOLOGIES INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION (collectively, the "Debtor Parties"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "Agent") and FCMI PARENT CO., as a Lender.

#### RECITALS:

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017 and a third amending agreement dated March 24, 2017 (the "Loan and Security Agreement");
- (b) The Parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date as provided in this fourth amending agreement;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this fourth amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this fourth amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

#### Section 1 Defined Terms.

Capitalized terms used in this fourth amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

#### Section 2 Amendment to Section 1 of the Loan and Security Agreement.

- (a) After the definition of "Material Contracts" and before the definition of "Option Plan" in Section 1 of the Loan and Security Agreement, the following definition is added:

**"Monthly Report"** has the meaning assigned to it in Section 15(s).

- (b) After the definition of "Release Date" and before the definition of "Required Lenders" in Section 1 of the Loan and Security Agreement, the following definition is added:

**"Replacement Funding"** has the meaning assigned to it in Section 15(s).

**Section 3            Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the **"Tranche ABC Maturity Date"**) (i) December 31, 2017, and (ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

**Section 4            Amendment to Section 15(s) of the Loan and Security Agreement.**

Section 15(s) of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

**Reporting Requirement.** On the first Business Day of each calendar month, the Debtor Parties shall deliver to the Agent a certificate confirming the balance of each of the Debtor Parties' bank accounts as of the last Business Day of the immediately preceding calendar month and a detailed breakdown of any other funds immediately available to the Debtor Parties to pay their expenses as they become due in connection with the Business of the Debtor Parties (each, a **"Monthly Report"**). Where the aggregate amount available to the Debtor Parties as reported on a Monthly Report is less than U.S.\$400,000, the Debtor Parties shall, prior to the last day of the calendar month in which the Monthly Report was delivered, solicit and obtain alternate sources of funding (**"Replacement Funding"**) satisfactory to the Agent, in its sole and absolute discretion.

**Section 5            Representations.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this fourth amending agreement, other than (I) those



representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date and (II) those representations and warranties that were effected as a result of the dissolution of the Gedex Development Partnership on May 27, 2016 pursuant to which US\$393,540.10 Additional Tranche identified in Schedule 1 of the Loan Documents was repaid in full.

- (b) When executed, this fourth amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this fourth amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

#### **Section 6          Reference to the Loan and Security Agreement.**

On and after the date of this fourth amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this fourth amending agreement.

#### **Section 7          Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this fourth amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

#### **Section 8          Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described



therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) is in full force and effect, unamended.

**Section 9        No Other Changes.**

Except as specifically provided herein, this fourth amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This fourth amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 10       Successors and Assigns.**


This fourth amending agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

**Section 11       Governing Law.**

This fourth amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 12       Counterparts.**

This fourth amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this fourth amending agreement.



The parties have executed this fourth amending agreement.

Debtor:

GEDEX SYSTEMS INC.

By: 

Name: Glen Sincarsin

Title: President

Debtor Parties:

GEDEX TECHNOLOGIES INC.

By: 

Name: Glen Sincarsin

Title: President

GEDEX AVIATION INC.

By: 

Name: David Hatch

Title: President

BLACK BAY MINERALS  
CORPORATION

By: 

Name: John Chisholm

Title: President

- 6 -

Agent:

FCMI PARENT CO.

By: 

Name:

Dan Sebe

Title:

V.P.

Lender:

FCMI PARENT CO.

By: 

Name:

Dan Sebe


Title:

V.P.



**TAB 9**

This is Exhibit "9" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

---

A Commissioner, etc.

**FIFTH AMENDING AGREEMENT**

Fifth amending agreement dated December 31, 2017 between GEDEX SYSTEMS INC. ("**Systems**"), GEDEX TECHNOLOGIES INC. ("**Technologies**"), GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION (collectively, the "**Original Debtor Parties**"), GEDEX EXPLORATION INC. ("**Exploration**"), GEDEX EARTH INC. ("**Earth**" and, collectively with the Original Debtor Parties and Exploration, the "**Debtor Parties**"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "**Agent**") and FCMI PARENT CO., as a Lender.

**RECITALS:**

- (a) The Original Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017, a third amending agreement dated March 24, 2017 and a fourth amending agreement dated May 25, 2017 (the "**Loan and Security Agreement**");
- (b) The parties wish to amend the Loan and Security Agreement to (i) revise the definition of Permitted Debt; (ii) extend the Tranche ABC Maturity Date, (iii) revise Schedule A, (iv) revise Schedule B and (v) revise Schedule C, as provided in this fifth amending agreement;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this fifth amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this fifth amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

**Section 1      Defined Terms.**

Capitalized terms used in this fifth amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

**Section 2      Amendment to Section 1 of the Loan and Security Agreement.**

The definition of "Permitted Debt" is amended as follows:

- (a) Paragraph (e) is amended by deleting "; and" and substituting ";

- (b) After paragraph (e) and before paragraph (f) the following paragraph is added:

“(f) Debt owed by the Debtor and GTI to Bank of Montreal in respect of credit card indebtedness secured by the Permitted Liens listed in paragraphs 10 and 11 of Schedule C, provided that the amount of such Debt is limited to \$100,000 and the collateral in respect of such Debt is limited to (i) variable rate GIC 002-9636-010 in the principal amount of \$51,000 and (ii) variable rate GIC 002-9638-307 in the principal amount of \$46,000; and”

**Section 3                    Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

“Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the “Tranche ABC Maturity Date”) (i) January 31, 2018, and (ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan.”

**Section 4                    Amendment to Schedule A to the Loan and Security Agreement.**

Schedule A to the Loan and Security Agreement is deleted in its entirety and replaced with Exhibit A to this fifth amending agreement.

**Section 5                    Amendment to Schedule B to the Loan and Security Agreement.**

Schedule B to the Loan and Security Agreement is deleted in its entirety and replaced with Exhibit B to this fifth amending agreement.

**Section 6                    Amendment to Schedule C to the Loan and Security Agreement.**

Schedule C to the Loan and Security Agreement is deleted in its entirety and replaced with Exhibit C to this fifth amending agreement.

## **Section 7            Representations.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this fifth amending agreement, other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date.
- (b) When executed, this fifth amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this fifth amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

## **Section 8            Effectiveness and Conditions Precedents.**

This fifth amending agreement shall not become effective until all of the following documents or agreements have been executed and delivered or other conditions precedent have been satisfied, in the Agent's and each Lender's sole discretion:

- (a) this fifth amending agreement;
- (b) a certified copy of (i) the constating documents and by-laws of each of Exploration, Earth and Systems; (ii) the resolutions of the board of directors (or any duly authorized committee thereof) or of the shareholders, as the case may be (or the equivalent thereof), of each of Exploration, Earth and Systems approving the matters contemplated by this fifth amending agreement and approving the entering into of the Loan Documents to which it is a party and the completion of all transactions contemplated thereunder; (iii) all other instruments evidencing necessary action of each of Exploration, Earth and Systems and of any required order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, exemption, waiver, registration or other Authorization with respect to such matters; and (iv) the names and true signatures of the officers of each of Exploration, Earth and Systems authorized to sign this fifth amending agreement and the other Loan Documents to which it is a party;



- (c) a certificate of status, compliance, good standing or like certificate with respect to each Debtor Party issued by the appropriate governmental authority in the jurisdiction of its incorporation or creation;
- (d) a guarantee by Exploration together with a general security agreement executed by Exploration providing a first priority Lien in respect of all present and future undertaking, property and assets of Exploration, in each case in form and substance satisfactory to the Agent and the Lenders;
- (e) a guarantee by Earth together with a general security agreement executed by Earth providing a first priority Lien in respect of all present and future undertaking, property and assets of Earth, in each case in form and substance satisfactory to the Agent and the Lenders;
- (f) evidence of registration in the necessary jurisdictions of the Security Interests or notice thereof in favour of the Agent for itself and on behalf of the Lenders, created by the Security Documents in order to preserve or protect such Security Interests or other arrangements for effecting such registrations acceptable to the Lenders together with all searches necessary in connection herewith;
- (g) customary opinions of counsel to each of Exploration, Earth and Systems in form and terms satisfactory to the Agent in respect of the Loan Documents;
- (h) the Agent shall, acting reasonably, be satisfied with the amount, types and terms and conditions of all insurance maintained by the Debtor Parties, and the Lenders shall have received endorsements naming the Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies to be maintained with respect to the properties of the Debtor Parties;
- (i) copies of search reports, current as of a date reasonably near the date of this fifth amending agreement, listing all effective financing statements which name any Debtor Party (under its present name and any previous names) as the debtor, none of which shall, except with respect to Permitted Liens, evidence a Lien on any Collateral;
- (j) releases and discharges (in registerable form where appropriate), covering all Liens affecting the Collateral of the Debtor Parties which are not Permitted Liens in all applicable jurisdictions, and all statements and acknowledgments that are reasonably required in respect of other security interests affecting the Collateral of any Debtor Party to confirm that they are Permitted Liens;
- (k) the Agent shall have received any and all Pledged Security Certificates and other materials as may be required to provide the Agent with control over all Pledged Certificated Securities; and

- (l) such other documents as the Agent may reasonably request on behalf of the Lenders.

#### **Section 9           Covenants.**

Each of the Debtor Parties covenants and agrees with the Agent and the Lenders to cause Systems and Technologies to amalgamate on or about January 1, 2018 under the *Business Corporations Act* (British Columbia) to form a new corporation ("Amalco") and, by January 5, 2018, to cause the following documents or agreements to be executed and delivered to the Agent:

- (a) a certified copy of (i) the constating documents and by-laws of Amalco and each Debtor Party; (ii) the resolutions of the board of directors (or any duly authorized committee thereof) or of the shareholders, as the case may be (or the equivalent thereof), of Amalco and each Debtor Party approving the entering into of the Loan Documents to which it is a party and the completion of all transactions contemplated thereunder; (iii) all other instruments evidencing necessary action of Amalco and each Debtor Party and of any required order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, exemption, waiver, registration or other Authorization with respect to such matters; and (iv) the names and true signatures of the officers of Amalco and each Debtor Party authorized to sign the Loan Documents to which it is a party;
- (b) a certificate of status, compliance, good standing or like certificate with respect to Amalco and each Debtor Party issued by the appropriate governmental authority in the jurisdiction of its incorporation or creation;
- (c) confirmation that the Security Interests have been properly registered with Commissioner of Patents at the Canadian Intellectual Property Office and any other registry as the Agent may determine to be necessary or desirable to properly perfect the Agent's security interest in Amalco's Intellectual Property Rights, in form and substance satisfactory to the Agent and the Lenders;
- (d) acknowledgement and confirmation from Amalco and each Debtor Party that each Security Document which was granted by any Debtor Party to and in favour of the Agent, for itself and for the benefit of the Lenders (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and the Lenders, (ii) continues as security for the obligations of (A) Amalco, if such Security Document was granted by Systems or Technologies and (B) the applicable Debtor Party, if such Security Document was granted by any Debtor Party other than Systems or Technologies, to the Agent and the Lenders under the Loan Documents to which Amalco or the applicable Debtor Party is a party and (iii) is in full force and effect, unamended;

- (e) evidence of registration in the necessary jurisdictions of the Security Interests or notice thereof in favour of the Agent for itself and on behalf of the Lenders, created by the Security Documents in order to preserve or protect such Security Interests or other arrangements for effecting such registrations acceptable to the Lenders together with all searches necessary in connection herewith;
- (f) customary opinions of counsel to each Debtor Party in form and terms satisfactory to the Agent in respect of the Loan Documents;
- (g) copies of search reports, current as of a date reasonably near January 5, 2018, listing all effective financing statements which name Amalco (under its present name and any previous names) as the debtor, none of which shall, except with respect to Permitted Liens, evidence a Lien on any Collateral; and
- (h) any and all Pledged Security Certificates and other materials as may be required to provide the Agent with control over all Pledged Certificated Securities.

#### **Section 10      Reference to the Loan and Security Agreement.**

On and after the date of this fifth amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this fifth amending agreement.

#### **Section 11      Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this fifth amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

#### **Section 12      Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) is in full force and effect, unamended.

**Section 13      No Other Changes.**

Except as specifically provided herein, this fifth amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This fifth amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 14      Successors and Assigns.**

This fifth amending agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

**Section 15      Governing Law.**

This fifth amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 16      Counterparts.**

This fifth amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this fifth amending agreement.

The parties have executed this fifth amending agreement.

Debtor:

GEDEX SYSTEMS INC.

By: 

Name: Glen B. Sincarsin

Title: President

Debtor Parties:

GEDEX TECHNOLOGIES INC.

By: 

Name: Glen B. Sincarsin

Title: President

GEDEX AVIATION INC.

By: 

Name: Glen B. Sincarsin

Title: President

BLACK BAY MINERALS  
CORPORATION

By: 

Name: John Chisholm

Title: President

GEDEX EXPLORATION INC.

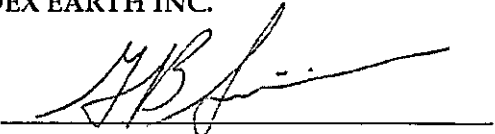
By: 

Name: Glen B. Sincarsin

Title: President

GEDEX EARTH INC.

By:

A handwritten signature in black ink, appearing to read 'G.B. Sincarsin', written over a horizontal line.

Name: Glen B. Sincarsin

Title: President

Agent:

FCMI PARENT CO.

By: 

Name: Dan Scheiner

Title: Vice President

Lender:

FCMI PARENT CO.

By: 

Name: Dan Scheiner

Title: Vice President

**EXHIBIT A**

(see attached)



## SCHEDULE A

### LENDERS

<u>Lender</u>	<u>Committed Tranche A Amount (November 14, 2013) (U.S. \$)</u>	<u>Committed Tranche B Amount (April 25, 2014) (U.S. \$)</u>	<u>Committed Additional Tranches (U.S. \$)</u>	<u>Committed Tranche C Amount (March 17, 2015) (U.S. \$)</u>	<u>Aggregate Committed Amount (U.S. \$)</u>	<u>Proport- ionate Interest</u>	<u>Address including Fax and Email Addresses</u>
FCMI Parent Co.	\$4,090,814.09	\$200,000.00	\$913,165.55	\$4,000,000.00	\$9,203,979.64	89.53%	181 Bay Street, Suite 250, Toronto, ON M5J 2T3 yfriedman@friedberg.ca
Anne M. Lewitt	\$292,122.80	\$0.00	\$0.00	\$0.00	\$292,122.80	2.84%	4 Lowther Avenue, Suite 701, Toronto, ON M5R 1C6 amle Witt@rogers.com
50 King Capital Exploration Inc.	\$243,469.75	\$0.00	\$0.00	\$0.00	\$243,469.75	2.37%	17511 Lakesedge Trail, Chagrin Falls Ohio, USA 44023 jdc1927@gmail.com (John Chisholm)
Business Arts Inc.	\$107,110.55	\$0.00	\$0.00	\$0.00	\$107,110.55	1.04%	c/o Elaine Breukelman 1801 Stonepath Crescent Mississauga, Ontario L4X 1Y1 elaine.netherton@icloud.com
Glen Sincarsin	\$50,000.00	\$0.00	\$0.00	\$0.00	\$50,000.00	0.49%	206 Yorkland Street, Richmond Hill, Ontario L4S 1A2 glen.sincarsin@gedex.com
Wayne Sincarsin	\$25,000.00	\$0.00	\$0.00	\$0.00	\$25,000.00	0.24%	48 Maryvale Crescent, Richmond Hill, Ontario L4C 6P8 wayne.sincarsin@gedex.com
Roger Bernard Jones	\$75,741.41	\$0.00	\$0.00	\$0.00	\$75,741.41	0.74%	22 Chemin des Cotes, Founex, Vaud 1297 Switzerland charnaud@btinternet.com
Benoit de Vitry	\$75,741.41	\$0.00	\$0.00	\$0.00	\$75,741.41	0.74%	70 Ladbroke Road, W11 3NS, London, UK benoit.devitry@btinternet.com
Brian Olson	\$40,000.00	\$0.00	\$0.00	\$0.00	\$40,000.00	0.39%	7 Normandy Road, Larchmont, NY 10538 brian.olson@barclays.com
Keith Morrison	\$0.00	\$13,162.77	\$0.00	\$0.00	\$13,162.77	0.13%	206 North Shore Blvd. East Burlington, ON L7T 1W9

Timothy Moran	\$0.00	\$15,384.31	\$0.00	\$0.00	\$15,384.31	0.15%	14 Burnaby Blvd., Toronto, ON M4R 1B4
William Breukelman	\$0.00	\$38,751.38	\$0.00	\$0.00	\$38,751.38	0.38%	1801 Stonepath Crescent, Mississauga, ON L4X 1Y1
Paul Lewitt	\$0.00	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.99%	4 Lowther Avenue, Suite 701, Toronto, ON M5R 1C6
<b>Total</b>	<b>\$5,000,000.00</b>	<b>\$367,298.46</b>	<b>\$913,165.55</b>	<b>\$4,000,000.00</b>	<b>\$10,280,464.02</b>	<b>100.00%</b>	

**EXHIBIT B**

(see attached)

## SCHEDULE B

### DEBTOR INFORMATION

**Full legal name:** Gedex Systems Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** British Columbia.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

403 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("403").

391 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("Storage Closet").

Unit C of Hangar 70 at the Brampton Flying Club ("Hangar").

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** 407, 403, Storage Closet and Hangar.

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:**

Gedex Technologies Inc., Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc. and Gedex Earth Inc.

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Technologies Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

403 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2.

391 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2.

Unit C of Hangar 70 at the Brampton Flying Club.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Black Bay Minerals Corporation

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Aviation Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Alberta.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario and Alberta.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Exploration Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A



**Full legal name:** Gedex Earth Inc.

**Prior names:** Gedex GP Inc.

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**As of January 1, 2018****Full legal name:** Gedex Systems Inc.**Prior names:** N/A**Predecessor companies:** Gedex Systems Inc. and Gedex Technologies Inc.**Jurisdiction of incorporation or organization:** British Columbia.**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

403 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("403").

391 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("Storage Closet").

Unit C of Hangar 70 at the Brampton Flying Club ("Hangar").

**Jurisdictions in which all material account debtors are located:** Ontario.**Addresses of all owned real property:** N/A**Addresses of all leased real property:** 407, 403, Storage Closet and Hangar.**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A**Subsidiaries of the Debtor:**

Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc. and Gedex Earth Inc.

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Black Bay Minerals Corporation

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Aviation Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Alberta.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario and Alberta.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Exploration Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Earth Inc.

**Prior names:** Gedex GP Inc.

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Pledged Certificated Securities:**

<b>Pledged Issuer</b>	<b>Securities Owned</b>	<b>% of issued and outstanding Securities of Pledged Issuer</b>	<b>Security Certificate Numbers</b>	<b>Security Certificate Location</b>
Gedex Technologies Inc.	100 Common Shares	100%	C001	407
Gedex Aviation Inc.	1 Common Share	100%	1	407
Black Bay Minerals Corporation	12,000,000 Class A Common Shares	80.9%	CA-1	407
Gedex Exploration Inc.	1 Common Share	100%	C-1	407
Gedex Earth Inc.	1 Common Share	100%	C-2	407

**Registered trade-marks and applications for trademark registrations:**

<i>Country</i>	<i>Trade-mark</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Registration Date</i>	<i>Licensed to or by Debtor</i>
Canada	GEDEX	1086280	2000-12-13	TMA597303	2003-12-11	N
Canada	HD-AGG	1301539	2006-05-15	TMA695979	2007-09-10	N
Canada	AGG	1145714	2002-07-04	TMA643568	2005-07-05	N
USA	HD-AGG	77300492	2007-10-10	3559248	2009-01-06	N

**Patents and patent applications:**

<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
USA	Gravity Gradiometry	6837106	2001-11-27	2005-01-04	N
Canada	Gravity Gradiometry	2429828	2003-05-23	2011-02-08	N
Russia	Mode of Gravity Gradiometry and Arrangements for its Realization	2298211	2001-11-27	2007-04-27	N
Australia	Gravity Gradiometry	2002221398	2001-11-27	2007-01-18	N
USA	System and Method for Surveying Underground Density Distributions	6954698	2003-06-27	2005-10-11	N
Canada	System and Method for Surveying Underground Density Distributions	2488511	2004-12-03	2012-07-03	N
Australia	System and Method for Surveying Underground Density Distributions	2003245762	2003-06-26	2008-05-15	N
USA	Gravity Gradiometer	7360419	2006-07-28	2008-04-22	N
Australia	Gravity Gradiometer	2006274414	2008-02-26	2012-10-11	N
Canada	Gravity Gradiometer	2620325	2008-01-29	2014-05-20	N
Canada	Gravity Gradiometer	2837438	2006-07-27	2015-04-14	N

<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
South Africa	Gravity Gradiometer	20080001887	2006-07-27	2009-09-30	N
USA	Method for Oil Sand Exploration and Development	7874358	2008-06-26	2011-01-25	N
Canada	Method for Oil Sand Exploration and Development	2636180	2008-06-26	2016-01-19	N
USA	Gravity Gradiometer with Torsion Flexure Pivots	8201448	2009-10-23	2012-06-19	N
USA	Quadrupole responder for OQR- type Gravity Gradiometer	9038457	2012-05-11	2015-05-26	N
USA	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012021078389094 96	2012-02-17	2014-12-09	N
PCT	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012109738	2012-02-17		N
Australia	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012218782	2013-09-05	2016-03-23	N
EP	Gravity Gradiometer and Methods for Measuring Gravity Gradients	12747344.5	2013-09-13		N
Canada	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2860578	2012-02-17		
USA	Single Axis Rotational Gas Bearing with Feed-Through	9121447	2013-08-28	2015-09-01	N
Canada	Single Axis Rotational Gas Bearing with Feed-Through	2834615	2013-11-26		N
Australia	Single Axis Rotational Gas Bearing with Feed-Through	2013266973	2013-12-03		N
China	Single Axis Rotational Gas Bearing with Feed-Through	2014800479071	2016-02-29		
USA	Dual SQUID Measurement Device	9529059	2014-10-01	2016-12-27	N
Canada	Dual SQUID Measurement Device	2924365	2014-10-01		
Australia	Dual SQUID Measurement Device	2014331474	2016-04-28		
China	Dual SQUID Measurement Device	2014800545247	2016-04-01		
USA	System and method of protection for spacecraft electronics	14/606,167	2015-01-27		N
Canada	System and method for protection of spacecraft electronics	2973783	2015-01-27		N



<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
USA	Cryogenic Coil Assembly and method of manufacturing same	9640310	2014-11-07	2017-05-02	N
USA	Cryogenic Coil Assembly and method of manufacturing same – Divisional	15/466215	2017-03-22		
Canada	Cryogenic Coil Assembly and method of manufacturing same	2926590	2014-11-07		
Australia	Cryogenic Coil Assembly and method of manufacturing same	2014351010	2016-05-11		
China	Cryogenic Coil Assembly and method of manufacturing same	201400618820	2016-05-12	2017-12-08	
USA	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	14/672,808	2015-03-30		N
Canada	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	2943443	2015-03-30		
Europe	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	15768304.6	2015-03-30		
USA	Inertial sensing augmentation for navigation of low-thrust spacecraft	15/009,005	2016-01-28		
Canada	Inertial sensing augmentation for navigation of spacecraft	2973741	2016-01-28		N

**Copyright registrations and applications for copyright registrations:**

<i>Country</i>	<i>Work</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Licensed to or by Debtor</i>

**Industrial designs/registered designs and applications for registered designs:**

<i>Country</i>	<i>Design</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Issue Date</i>	<i>Licensed to or by Debtor</i>

**EXHIBIT C**

(see attached)

## SCHEDULE C

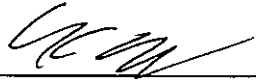
### PERMITTED LIENS

1. Aircraft Loan, Mortgage and Security Agreement dated as of May 21, 2004 between the Debtor and MBHD Holdings Ltd. regarding the 1994 Cessna 208 Caravan Manufacturer's Serial No. 20800237, as amended, and evidenced by Personal Property Security Act (Ontario) ("PPSA") Financing Statement 20110617 1451 1862 1907, File no. 670770891.
2. Amended and Restated Agreement for the Development, Testing, and Deployment of the Gedex AGG dated February 29, 2008 between De Beers ATL Limited and the Debtor (security agreed to be granted in the "De Beers Systems" (as defined in the agreement) but to date not perfected or registered).
3. General Security Agreement dated February 22, 2013 between GTI and Espresso Capital Tax Credit Fund III Limited Partnership, and evidenced by PPSA Financing Statement 20130226 1203 1793 7756, File no. 684902907.
4. General Security Agreement dated October 21, 2013 between the Debtor and Espresso Capital, and evidenced by PPSA Financing Statement 20131021 0833 1793 8430, File no. 691192422.
5. Security Agreement dated February 4, 2015 between GTI and Glen Sincarsin (security granted but to date not perfected or registered).
6. Security Agreement dated February 4, 2015 between GTI and Wayne Sincarsin (security granted but to date not perfected or registered).
7. Security Agreement dated February 4, 2015 between GTI and David Hatch (security granted but to date not perfected or registered).
8. Security Agreement dated February 4, 2015 between GTI and Cavelle Associates Ltd. (security granted but to date not perfected or registered).
9. Security Agreement dated February 4, 2015 between GTI and Donaldson & Diwik Inc. (security granted but to date not perfected or registered).
10. Pledge of Instrument and Assignment of Proceeds dated October 24, 2017 between GTI and the Bank of Montreal, and evidenced by PPSA Financing Statement 20171026 0912 1532 8340, File no. 733315122.

11. Pledge of Instrument and Assignment of Proceeds dated October 24, 2017 between the Debtor and the Bank of Montreal, and evidenced by PPSA Financing Statement 20171213 1144 1532 8110, File no. 734909175.

**TAB 10**

This is Exhibit "10" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, appearing to be 'J. Z. Friedman', written over a horizontal line.

A Commissioner, etc.

## SIXTH AMENDING AGREEMENT

Sixth amending agreement dated May \_\_\_\_, 2018 between GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., GEDEX EARTH INC. (collectively, the “Debtor Parties”), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the “Agent”) and FCMI PARENT CO., as a Lender.

### RECITALS:

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017, a third amending agreement dated March 24, 2017, a fourth amending agreement dated May 25, 2017 and a fifth amending agreement dated December 31, 2017 (the “Loan and Security Agreement”);
- (b) The Secured Liabilities of the Debtor Parties to the Agent and the Lenders under the Loan and Security Agreement matured and became due and payable on January 31, 2018 and were not repaid, resulting in an Event of Default under the Loan and Security Agreement;
- (c) On May 7, 2018, the Agent delivered to the Debtor Parties a demand for repayment of the principal amount of US\$10,280,464.02 outstanding under the Loan and Security Agreement, together with interest, fees, costs and other allowable charges accrued to the date thereof and continuing to accrue, and notices of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada);
- (d) The Debtor Parties have requested and the Agent has since agreed to allow the Loans to remain outstanding as set out herein and the Agent has agreed to do so solely on the basis that the Debtor Parties strictly comply with the Loan and Security Agreement and other Loan Documents, subject to the terms of this sixth amending agreement;
- (e) The parties therefore wish to amend the Loan and Security Agreement to (i) provide for a new Tranche ABC Maturity Date, (ii) revise Schedule B and (iii) revise Schedule C, as provided in this sixth amending agreement;
- (f) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this sixth amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (g) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this sixth amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

**Section 1        Defined Terms.**

Capitalized terms used in this sixth amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

**Section 2        Amendment to Section 1 of the Loan and Security Agreement.**

The definition of "Aircraft Loan, Mortgage and Security Agreement" is deleted in its entirety and replaced with the following:

"Aircraft Loan, Mortgage and Security Agreement" means the Aircraft Loan, Mortgage and Security Agreement dated as of May 21, 2004 between the Debtor and MBHD Holdings Ltd., as amended and extended by agreements dated March 24, 2009, April 26, 2010, May 31, 2011, May 31, 2012, April 4, 2013, September 11, 2013, November 14, 2013 and May 29, 2015, email extensions dated January 29, 2018 and March 1, 2018 and an agreement dated April 3, 2018.

**Section 3        Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the "Tranche ABC Maturity Date") (i) July 31, 2018, and (ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

**Section 4        Amendment to Schedule B to the Loan and Security Agreement.**

Schedule B to the Loan and Security Agreement is deleted in its entirety and replaced with Exhibit A to this sixth amending agreement.



**Section 5           Amendment to Schedule C to the Loan and Security Agreement.**

Schedule C to the Loan and Security Agreement is deleted in its entirety and replaced with Exhibit B to this sixth amending agreement.

**Section 6           Representations.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this sixth amending agreement, other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date.
- (b) When executed, this sixth amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this sixth amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

**Section 7           Reference to the Loan and Security Agreement.**

On and after the date of this sixth amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this sixth amending agreement.

**Section 8           Acknowledgement of Indebtedness.**

Each of the Debtor Parties confirms, acknowledges and agrees that:

- (a) the outstanding amount of the Loans as of the date of this sixth amending agreement is as set out in Schedule A of the Loan and Security Agreement (the "Indebtedness");
- (b) each of the recitals in this sixth amending agreement is true and correct;

- (c) the Loan and Security Agreement, together with all other Loan Documents and other ancillary agreements, in each case as expressly amended by this sixth amending agreement, remain in full force and effect and are legal, valid and binding obligations, enforceable against the Debtor Parties in accordance with their terms; and
- (d) the Security Interests remain in full force and effect and are legal, valid and binding and continue to constitute security for all of the Indebtedness.

#### **Section 9           Waiver.**

Subject to the terms of this sixth amending agreement, the Agent hereby waives the Event of Default which resulted from the nonpayment of the Loans on January 31, 2018 wholly without prejudice to any of its rights and entitlements pursuant to the Loan and Security Agreement, together with all other Loan Documents in favour of the Agent, as hereby amended.

#### **Section 10          Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this sixth amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

#### **Section 11          Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) remains in full force and effect, unamended.

#### **Section 12          No Other Changes.**

Except as specifically provided herein, this sixth amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This sixth amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 13      Successors and Assigns.**

This sixth amending agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

**Section 14      Governing Law.**

This sixth amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 15      Counterparts.**

This sixth amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this sixth amending agreement.

The parties have executed this sixth amending agreement.

Debtor:

GEDEX SYSTEMS INC.

By: 

Name: Glen B. Sincarsin  
Title: PRESIDENT

Debtor Parties:

GEDEX AVIATION INC.

By: 

Name: DAVID HATCH  
Title: PRESIDENT

BLACK BAY MINERALS  
CORPORATION

By: 

Name: DAVID M. DIWIK  
Title: DIRECTOR

GEDEX EXPLORATION INC.

By: 

Name: GLEN B. SINCARSIN  
Title: PRESIDENT

GEDEX EARTH INC.

By: 

Name: GLEN B. SINCARSIN  
Title: PRESIDENT

Agent: FCMi PARENT CO.

By: \_\_\_\_\_  
Name:  
Title:

Lender: FCMi PARENT CO.

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

(see attached)

## SCHEDULE B

### DEBTOR INFORMATION

**Full legal name:** Gedex Systems Inc.

**Prior names:** N/A

**Predecessor companies:** Gedex Systems Inc. and Gedex Technologies Inc.

**Jurisdiction of incorporation or organization:** British Columbia.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

403 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("403").

391 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("Storage Closet").

Unit C of Hangar 70 at the Brampton Flying Club ("Hangar").

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** 407, 403, Storage Closet and Hangar.

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:**

Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc. and Gedex Earth Inc.

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Black Bay Minerals Corporation

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**

407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):**

Cessna 208 Caravan, Serial No. 20800237

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A



**Full legal name:** Gedex Aviation Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Alberta.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario and Alberta.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Exploration Inc.

**Prior names:** N/A

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Full legal name:** Gedex Earth Inc.

**Prior names:** Gedex GP Inc.

**Predecessor companies:** N/A

**Jurisdiction of incorporation or organization:** Ontario.

**Address of chief executive office:**

407 Matheson Blvd. East, Mississauga, Ontario, Canada L4Z 2H2 ("407").

**Addresses of all places where business is carried on or tangible Personal Property is kept:**  
407.

**Jurisdictions in which all material account debtors are located:** Ontario.

**Addresses of all owned real property:** N/A

**Addresses of all leased real property:** N/A

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats):** N/A

**Description of all material Permits:** N/A

**Subsidiaries of the Debtor:** N/A

**Instruments, Documents of Title and Chattel Paper of the Debtor:** N/A

**Pledged Certificated Securities:**

<b>Pledged Issuer</b>	<b>Securities Owned</b>	<b>% of issued and outstanding Securities of Pledged Issuer</b>	<b>Security Certificate Numbers</b>	<b>Security Certificate Location</b>
Gedex Aviation Inc.	1 Common Share	100%	1	407
Black Bay Minerals Corporation	12,000,000 Class A Common Shares	80.9%	CA-1	407
Gedex Exploration Inc.	1 Common Share	100%	C-1	407
Gedex Earth Inc.	1 Common Share	100%	C-2	407

**Registered trade-marks and applications for trademark registrations:**

<i>Country</i>	<i>Trade-mark</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Registration Date</i>	<i>Licensed to or by Debtor</i>
Canada	GEDEX	1086280	2000-12-13	TMA597303	2003-12-11	N
Canada	HD-AGG	1301539	2006-05-15	TMA695979	2007-09-10	N
Canada	AGG	1145714	2002-07-04	TMA643568	2005-07-05	N
USA	HD-AGG	77300492	2007-10-10	3559248	2009-01-06	N

**Patents and patent applications:**

<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
USA	Gravity Gradiometry	6837106	2001-11-27	2005-01-04	N
Canada	Gravity Gradiometry	2429828	2003-05-23	2011-02-08	N
Russia	Mode of Gravity Gradiometry and Arrangements for its Realization	2298211	2001-11-27	2007-04-27	N
Australia	Gravity Gradiometry	2002221398	2001-11-27	2007-01-18	N
USA	System and Method for Surveying Underground Density Distributions	6954698	2003-06-27	2005-10-11	N
Canada	System and Method for Surveying Underground Density Distributions	2488511	2004-12-03	2012-07-03	N
Australia	System and Method for Surveying Underground Density Distributions	2003245762	2003-06-26	2008-05-15	N
USA	Gravity Gradiometer	7360419	2006-07-28	2008-04-22	N
Australia	Gravity Gradiometer	2006274414	2008-02-26	2012-10-11	N
Canada	Gravity Gradiometer	2620325	2008-01-29	2014-05-20	N
Canada	Gravity Gradiometer	2837438	2006-07-27	2015-04-14	N
South Africa	Gravity Gradiometer	20080001887	2006-07-27	2009-09-30	N

<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
USA	Method for Oil Sand Exploration and Development	7874358	2008-06-26	2011-01-25	N
Canada	Method for Oil Sand Exploration and Development	2636180	2008-06-26	2016-01-19	N
USA	Gravity Gradiometer with Torsion Flexure Pivots	8201448	2009-10-23	2012-06-19	N
USA	Quadrupole responder for OQR-type Gravity Gradiometer	9038457	2012-05-11	2015-05-26	N
USA	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012021078389094 96	2012-02-17	2014-12-09	N
PCT	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012109738	2012-02-17		N
Australia	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2012218782	2013-09-05	2016-03-23	N
EP	Gravity Gradiometer and Methods for Measuring Gravity Gradients	12747344.5	2013-09-13		N
Canada	Gravity Gradiometer and Methods for Measuring Gravity Gradients	2860578	2012-02-17		
USA	Single Axis Rotational Gas Bearing with Feed-Through	9121447	2013-08-28	2015-09-01	N
Canada	Single Axis Rotational Gas Bearing with Feed-Through	2834615	2013-11-26		N
Australia	Single Axis Rotational Gas Bearing with Feed-Through	2013266973	2013-12-03		N
China	Single Axis Rotational Gas Bearing with Feed-Through	2014800479071	2016-02-29		
USA	Dual SQUID Measurement Device	9529059	2014-10-01	2016-12-27	N
Canada	Dual SQUID Measurement Device	2924365	2014-10-01		
Australia	Dual SQUID Measurement Device	2014331474	2016-04-28		
China	Dual SQUID Measurement Device	2014800545247	2016-04-01		
USA	System and method of protection for spacecraft electronics	14/606,167	2015-01-27		N
Canada	System and method for protection of spacecraft electronics	2973783	2015-01-27		N

<i>Country</i>	<i>Title</i>	<i>Patent No. / Application No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
USA	Cryogenic Coil Assembly and method of manufacturing same	9640310	2014-11-07	2017-05-02	N
USA	Cryogenic Coil Assembly and method of manufacturing same – Divisional	15/466215	2017-03-22		
Canada	Cryogenic Coil Assembly and method of manufacturing same	2926590	2014-11-07		
Australia	Cryogenic Coil Assembly and method of manufacturing same	2014351010	2016-05-11		
China	Cryogenic Coil Assembly and method of manufacturing same	201400618820	2016-05-12	2017-12-08	
USA	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	14/672,808	2015-03-30		N
Canada	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	2943443	2015-03-30		
Europe	Absolute Vector Gravimeter and methods of measuring an Absolute Gravity Vector	15768304.6	2015-03-30		
USA	Inertial sensing augmentation for navigation of low-thrust spacecraft	15/009,005	2016-01-28		
Canada	Inertial sensing augmentation for navigation of spacecraft	2973741	2016-01-28		N

**Copyright registrations and applications for copyright registrations:**

<i>Country</i>	<i>Work</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Licensed to or by Debtor</i>

**Industrial designs/registered designs and applications for registered designs:**

<i>Country</i>	<i>Design</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Issue Date</i>	<i>Licensed to or by Debtor</i>

**EXHIBIT B**

(see attached)

## SCHEDULE C

### PERMITTED LIENS

1. Aircraft Loan, Mortgage and Security Agreement dated as of May 21, 2004 between the Debtor and MBHD Holdings Ltd. regarding the 1994 Cessna 208 Caravan Manufacturer's Serial No. 20800237, as amended, and evidenced by *Personal Property Security Act* (Ontario) ("PPSA") Financing Statement registration number 20110617 1451 1862 1907, File no. 670770891, *Personal Property Security Act* (Alberta) Financing Statement registration number 18020227438 and *Personal Property Security Act* (British Columbia) Financing Statement base registration number 548947K.
2. Amended and Restated Agreement for the Development, Testing, and Deployment of the Gedex AGG dated February 29, 2008 between De Beers ATL Limited and the Debtor (security agreed to be granted in the "De Beers Systems" (as defined in the agreement) but to date not perfected or registered).
3. General Security Agreement dated February 22, 2013 between GTI and Espresso Capital Tax Credit Fund III Limited Partnership, and evidenced by PPSA Financing Statement 20130226 1203 1793 7756, File no. 684902907.
4. General Security Agreement dated October 21, 2013 between the Debtor and Espresso Capital, and evidenced by PPSA Financing Statement 20131021 0833 1793 8430, File no. 691192422.
5. Security Agreement dated February 4, 2015 between GTI and Glen Sincarsin (security granted but to date not perfected or registered).
6. Security Agreement dated February 4, 2015 between GTI and Wayne Sincarsin (security granted but to date not perfected or registered).
7. Security Agreement dated February 4, 2015 between GTI and David Hatch (security granted but to date not perfected or registered).
8. Security Agreement dated February 4, 2015 between GTI and Cavelle Associates Ltd. (security granted but to date not perfected or registered).
9. Security Agreement dated February 4, 2015 between GTI and Donaldson & Diwik Inc. (security granted but to date not perfected or registered).



10. Pledge of Instrument and Assignment of Proceeds dated October 24, 2017 between GTI and the Bank of Montreal, and evidenced by PPSA Financing Statement 20171026 0912 1532 8340, File no. 733315122.
11. Pledge of Instrument and Assignment of Proceeds dated October 24, 2017 between the Debtor and the Bank of Montreal, and evidenced by PPSA Financing Statement 20171213 1144 1532 8110, File no. 734909175.

**TAB 11**

This is Exhibit "11" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

---

A Commissioner, etc.

**SEVENTH AMENDING AGREEMENT**

Seventh amending agreement dated July 31, 2018 between GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., GEDEX EARTH INC. (collectively, the "**Debtor Parties**"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "**Agent**") and FCMI PARENT CO., as a Lender.

**RECITALS:**

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017, a third amending agreement dated March 24, 2017, a fourth amending agreement dated May 25, 2017, a fifth amending agreement dated December 31, 2017 and a sixth amending agreement dated May 25, 2018 (the "**Loan and Security Agreement**");
- (b) The parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this seventh amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this seventh amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

**Section 1      Defined Terms.**

Capitalized terms used in this seventh amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

**Section 2      Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the "**Tranche ABC Maturity Date**") (i) September 30, 2018, and (ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement

Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

**Section 3            Amendment to Section 13(n) of the Loan and Security Agreement.**

Section 13(n) of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"No Event of Default etc. No Event of Default has occurred and is continuing on the date hereof and each Debtor Party has complied with all covenants, obligations and conditions of this Agreement required to be performed and complied with as of the date hereof."

**Section 4            Representations of Debtor Parties.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this seventh amending agreement, other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date.
- (b) When executed, this seventh amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this seventh amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

**Section 5            Representations of Agent.**

The Agent represents and warrants that, as of the date of this seventh amending agreement, it holds a Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders.

## **Section 6        Reference to the Loan and Security Agreement.**

On and after the date of this seventh amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this seventh amending agreement.

## **Section 7        Acknowledgement of Indebtedness.**

Each of the Debtor Parties confirms, acknowledges and agrees that:

- (a) the outstanding amount of the Loans as of the date of this seventh amending agreement is as set out in Schedule A of the Loan and Security Agreement (the "Indebtedness");
- (b) each of the recitals in this seventh amending agreement is true and correct;
- (c) the Loan and Security Agreement, together with all other Loan Documents and other ancillary agreements, in each case as expressly amended by this seventh amending agreement, remain in full force and effect and are legal, valid and binding obligations, enforceable against the Debtor Parties in accordance with their terms; and
- (d) the Security Interests remain in full force and effect and are legal, valid and binding and continue to constitute security for all of the Indebtedness.

## **Section 8        Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this seventh amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

## **Section 9        Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) remains in full force and effect, unamended.

**Section 10      No Other Changes.**

Except as specifically provided herein, this seventh amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This seventh amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 11      Successors and Assigns.**

This seventh amending agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

**Section 12      Governing Law.**

This seventh amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 13      Counterparts.**

This seventh amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this seventh amending agreement.

The parties have executed this seventh amending agreement.

Debtor:

GEDEX SYSTEMS INC.

By: 

Name:

GLEN B. SINCARSIN

Title:

PRESIDENT

Debtor Parties:

GEDEX AVIATION INC.

By: 

Name:

DAVID HATCH

Title:

PRESIDENT

BLACK BAY MINERALS CORPORATION

By: 

Name:

John Christensen

Title:

Director

GEDEX EXPLORATION INC.

By: 

Name:

GLEN B. SINCARSIN

Title:

PRESIDENT

GEDEX EARTH INC.

By: 

Name:

GLEN B. SINCARSIN

Title:

PRESIDENT



**Agent:****FCMI PARENT CO.**By: 

Name: Dan Scheiner

Title: Vice President

**Lender:****FCMI PARENT CO.**By: 

Name: Dan Scheiner

Title: Vice President

**TAB 12**

This is Exhibit "12" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

  
A Commissioner, etc.

**EIGHTH AMENDING AGREEMENT**

Eighth amending agreement dated September 30, 2018 between GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., GEDEX EARTH INC. (collectively, the "**Debtor Parties**"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "**Agent**") and FCMI PARENT CO., as a Lender.

**RECITALS:**

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017, a third amending agreement dated March 24, 2017, a fourth amending agreement dated May 25, 2017, a fifth amending agreement dated December 31, 2017, a sixth amending agreement dated May 25, 2018 and a seventh amending agreement dated July 31, 2018 (the "**Loan and Security Agreement**");
- (b) The parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this eighth amending agreement be approved by the Lenders having collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this eighth amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

**Section 1 Defined Terms.**

Capitalized terms used in this eighth amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

**Section 2 Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the "**Tranche ABC Maturity Date**") (i) November 30, 2018, and (ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to

be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the earlier of (i) the date of the closing of the Proposed Equity Financing, or (ii) if the Proposed Equity Financing fails to close on or before December 31, 2015, the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

### **Section 3        Representations of Debtor Parties.**

The Debtor Parties represent, warrant and agree that:

- (a)    The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this eighth amending agreement, other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date.
- (b)    When executed, this eighth amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c)    After giving effect to this eighth amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d)    The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

### **Section 4        Representations of Agent.**

The Agent represents and warrants that, as of the date of this eighth amending agreement, it holds a Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders.

### **Section 5        Reference to the Loan and Security Agreement.**

On and after the date of this eighth amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this eighth amending agreement.

**Section 6 Acknowledgement of Indebtedness.**

Each of the Debtor Parties confirms, acknowledges and agrees that:

- (a) the outstanding amount of the Loans as of the date of this eighth amending agreement is as set out in Schedule A of the Loan and Security Agreement (the "Indebtedness");
- (b) each of the recitals in this eighth amending agreement is true and correct;
- (c) the Loan and Security Agreement, together with all other Loan Documents and other ancillary agreements, in each case as expressly amended by this eighth amending agreement, remain in full force and effect and are legal, valid and binding obligations, enforceable against the Debtor Parties in accordance with their terms; and
- (d) the Security Interests remain in full force and effect and are legal, valid and binding and continue to constitute security for all of the Indebtedness.

**Section 7 Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this eighth amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

**Section 8 Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) remains in full force and effect, unamended.

**Section 9 No Other Changes.**

Except as specifically provided herein, this eighth amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This eighth amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 10 Successors and Assigns.**

This eighth amending agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

**Section 11 Governing Law.**

This eighth amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 12 Counterparts.**

This eighth amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this eighth amending agreement.

The parties have executed this eighth amending agreement.

**Debtor:**

**GEDEX SYSTEMS INC.**

By: 

Name: Glen B. Sincarsin

Title: President

**Debtor Parties:**

**GEDEX AVIATION INC.**

By: 

Name: David Hatch

Title: President

**BLACK BAY MINERALS CORPORATION**

By: 

Name: John Chisholm

Title: Director

**GEDEX EXPLORATION INC.**

By: 

Name: Glen B. Sincarsin

Title: President

**GEDEX EARTH INC.**

By: 

Name: Glen B. Sincarsin

Title: President



Agent:

FCMI PARENT CO.

By: 

Name:

DAN SCHEINER

Title:

VP

Lender:

FCMI PARENT CO.

By: 

Name:

DAN SCHEINER

Title:

VP

**TAB 13**

This is Exhibit "13" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, consisting of stylized cursive letters, positioned above a horizontal line.

A Commissioner, etc.

**NINTH AMENDING AGREEMENT**

Ninth amending agreement dated November 30, 2018 between GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., GEDEX EARTH INC. (collectively, the "**Debtor Parties**"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "**Agent**") and FCMI PARENT CO., as a Lender.

**RECITALS:**

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017, a third amending agreement dated March 24, 2017, a fourth amending agreement dated May 25, 2017, a fifth amending agreement dated December 31, 2017, a sixth amending agreement dated May 25, 2018, a seventh amending agreement dated July 31, 2018 and an eighth amending agreement dated September 30, 2018 (the "**Loan and Security Agreement**");
- (b) The parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this ninth amending agreement be approved by the Lenders having a collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this ninth amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

**Section 1      Defined Terms.**

Capitalized terms used in this ninth amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

**Section 2      Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the "**Tranche ABC Maturity Date**") (i) January 31, 2019, and (ii) the last day of the calendar month in which the Debtor Parties have reported

less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

### **Section 3        Representations of Debtor Parties.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this ninth amending agreement, other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date.
- (b) When executed, this ninth amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this ninth amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

### **Section 4        Representations of Agent.**

The Agent represents and warrants that, as of the date of this ninth amending agreement, it holds a Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders.

### **Section 5        Reference to the Loan and Security Agreement.**

On and after the date of this ninth amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this ninth amending agreement.

**Section 6 Acknowledgement of Indebtedness.**

Each of the Debtor Parties confirms, acknowledges and agrees that:

- (a) the outstanding amount of the Loans as of the date of this ninth amending agreement is as set out in Schedule A of the Loan and Security Agreement (the "Indebtedness");
- (b) each of the recitals in this ninth amending agreement is true and correct;
- (c) the Loan and Security Agreement, together with all other Loan Documents and other ancillary agreements, in each case as expressly amended by this ninth amending agreement, remain in full force and effect and are legal, valid and binding obligations, enforceable against the Debtor Parties in accordance with their terms; and
- (d) the Security Interests remain in full force and effect and are legal, valid and binding and continue to constitute security for all of the Indebtedness.

**Section 7 Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this ninth amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

**Section 8 Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) remains in full force and effect, unamended.

**Section 9 No Other Changes.**

Except as specifically provided herein, this ninth amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This ninth amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 10 Successors and Assigns.**

This ninth amending agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

**Section 11 Governing Law.**

This ninth amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 12 Counterparts.**

This ninth amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this ninth amending agreement.

The parties have executed this ninth amending agreement.

**Debtor:**

**GEDEX SYSTEMS INC.**

By: 

Name: Glen Sincarsin

Title: President

**Debtor Parties:**

**GEDEX AVIATION INC.**

By: 

Name: David Hatch

Title: President

**BLACK BAY MINERALS CORPORATION**

By: 

Name: John Chisholm

Title: Director

**GEDEX EXPLORATION INC.**

By: 

Name: Glen Sincarsin

Title: President

**GEDEX EARTH INC.**

By: 

Name: Glen Sincarsin

Title: President



**Agent:**

**FCMI PARENT CO.**

By: 

Name: Dan Scheiner  
Title: VP

**Lender:**

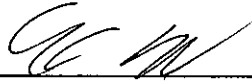
**FCMI PARENT CO.**

By: 

Name: Dan Scheiner  
Title: VP

**TAB 14**

This is Exhibit "14" to the Affidavit of Yakov Z. Friedman, affirmed before me  
this 9<sup>th</sup> day of August, 2019.

A handwritten signature in black ink, consisting of stylized cursive letters, is positioned above a solid horizontal line.

A Commissioner, etc.

**TENTH AMENDING AGREEMENT**

Tenth amending agreement dated February 15, 2019 between GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., GEDEX EARTH INC. (collectively, the "**Debtor Parties**"), FCMI PARENT CO., in its capacity as administrative agent for and on behalf of the Lenders (in its capacity, the "**Agent**") and FCMI PARENT CO., as a Lender.

**RECITALS:**

- (a) The Debtor Parties and the Agent, among others, entered into an amended and restated loan and security agreement dated December 14, 2015, as amended by an amending agreement dated November 28, 2016, a second amending agreement dated January 25, 2017, a third amending agreement dated March 24, 2017, a fourth amending agreement dated May 25, 2017, a fifth amending agreement dated December 31, 2017, a sixth amending agreement dated May 25, 2018, a seventh amending agreement dated July 31, 2018, an eighth amending agreement dated September 30, 2018 and a ninth amending agreement dated November 30, 2018 (the "**Loan and Security Agreement**");
- (b) The parties wish to amend the Loan and Security Agreement to extend the Tranche ABC Maturity Date;
- (c) Pursuant to Section 38 of the Loan and Security Agreement it is sufficient that this tenth amending agreement be approved by the Lenders having a collective Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders; and
- (d) The Agent has a Proportionate Interest of approximately 89.53% of the aggregate Proportionate Interest of the Lenders and it is therefore sufficient that this tenth amending agreement be approved by the Agent.

In consideration of the above and for other good and valuable consideration, the parties agree as follows:

**Section 1      Defined Terms.**

Capitalized terms used in this tenth amending agreement (including in the preamble and recitals hereto) that are not defined in it have the meanings given to them in the Loan and Security Agreement.

**Section 2      Amendment to Section 4 of the Loan and Security Agreement.**

Section 4 of the Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Subject to the other terms and conditions of this Agreement, (a) the principal amount of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan and any Additional Tranche Loans outstanding as of the date hereof shall be due and payable on the earlier of (the "**Tranche ABC Maturity Date**") (i) April 1, 2019, and

(ii) the last day of the calendar month in which the Debtor Parties have reported less than U.S.\$400,000 in immediately available funds in the Monthly Report due to be delivered on the first day of said month, unless Replacement Funding satisfactory to the Agent, in its sole and absolute discretion, has been obtained by the Debtor Parties, (b) the principal amount of the Tranche D Loan shall be due and payable on the date notice of demand for payment of the principal amount of the Tranche D Loan is delivered by FCMI to Debtor, and (c) the principal amount of any Additional Tranche Loans made after the date hereof shall be due and payable on such date as is agreed to by the Agent and Lenders with Additional Tranche Commitments in respect of such Additional Tranche Loan."

### **Section 3        Representations of Debtor Parties.**

The Debtor Parties represent, warrant and agree that:

- (a) The representations and warranties set forth in the Loan and Security Agreement and each of the other Loan Documents are true and correct as if entirely restated in this tenth amending agreement, other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date.
- (b) When executed, this tenth amending agreement will be a duly authorized, legal, valid, and binding obligation of each of the Debtor Parties enforceable in accordance with its terms. The Loan and Security Agreement, as amended, along with each other Loan Document is ratified and confirmed and shall remain in full force and effect.
- (c) After giving effect to this tenth amending agreement, no Event of Default is continuing and no event has occurred or circumstances exist that, with the giving of notice or lapse of time or both, would constitute an Event of Default.
- (d) The Minister responsible for the Federal Economic Development Agency for Southern Ontario has neither declared an Event of Default nor given prior written notice to the Debtor that an Event of Default has occurred under the Contribution Agreement.

### **Section 4        Representations of Agent.**

The Agent represents and warrants that, as of the date of this tenth amending agreement, it holds a Proportionate Interest representing more than 75% of the aggregate Proportionate Interest of the Lenders.

### **Section 5        Reference to the Loan and Security Agreement.**

On and after the date of this tenth amending agreement, any reference to "this Agreement" in the Loan and Security Agreement and any reference to the Loan and Security Agreement in any other agreements will mean the Loan and Security Agreement as amended by this tenth amending agreement.

**Section 6 Acknowledgement of Indebtedness.**

Each of the Debtor Parties confirms, acknowledges and agrees that:

- (a) the outstanding amount of the Loans as of the date of this tenth amending agreement is as set out in Schedule A of the Loan and Security Agreement (the "Indebtedness");
- (b) each of the recitals in this tenth amending agreement is true and correct;
- (c) the Loan and Security Agreement, together with all other Loan Documents and other ancillary agreements, in each case as expressly amended by this tenth amending agreement, remain in full force and effect and are legal, valid and binding obligations, enforceable against the Debtor Parties in accordance with their terms; and
- (d) the Security Interests remain in full force and effect and are legal, valid and binding and continue to constitute security for all of the Indebtedness.

**Section 7 Acknowledgement of Guarantors.**

Each of the Guarantors acknowledges and consents to the execution, delivery and performance of this tenth amending agreement, and agrees that its Guarantee remains in full force and effect. Each of the Guarantors further represents that it is in compliance with all of the terms and conditions of its Guarantee. Each of the Guarantees provided to and in favour of the Agent, for itself and on behalf of the Lenders, (i) continues to guarantee the obligations described therein as being guaranteed thereby, (ii) continues to guarantee the obligations of the Debtor to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, including without limitation, the Debtor's obligations, indebtedness and liabilities in respect of the Tranche A Loan, the Tranche B Loan, the Tranche C Loan, the Tranche D Loan and each Additional Tranche Loan, and (iii) is in full force and effect, unamended.

**Section 8 Confirmation of Security.**

Each Security Document, which was granted to and in favour of the Agent, for itself and for the benefit of the Lenders, (i) continues as security for the obligations described therein as being secured thereby in favour of the Agent and Lenders, (ii) continues as security for the obligations of the Debtor Parties to the Agent and Lenders under the Loan Documents, as amended hereby, to which any Debtor Party is a party, and (iii) remains in full force and effect, unamended.

**Section 9 No Other Changes.**

Except as specifically provided herein, this tenth amending agreement does not vary the terms and provisions of the Loan and Security Agreement or any other Loan Document. This tenth amending agreement shall not impair the rights, remedies, and security given in and by the Loan Documents.

**Section 10 Successors and Assigns.**

This tenth amending agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

**Section 11 Governing Law.**

This tenth amending agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 12 Counterparts.**

This tenth amending agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this tenth amending agreement.

The parties have executed this tenth amending agreement.

**Debtor:**

**GEDEX SYSTEMS INC.**

By: 

Name: Glen Sincarsin

Title: President

**Debtor Parties:**

**GEDEX AVIATION INC.**

By: 

Name: David Hatch

Title: President

**BLACK BAY MINERALS CORPORATION**

By: 

Name: John Chisholm

Title: Director

**GEDEX EXPLORATION INC.**

By: 

Name: Glen Sincarsin

Title: President

**GEDEX EARTH INC.**

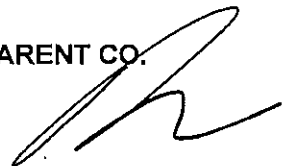
By: 

Name: Glen Sincarsin

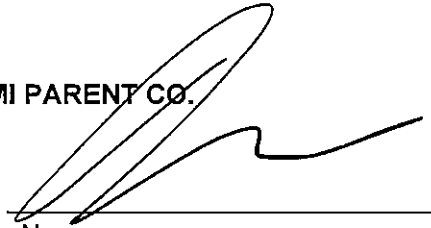
Title: President



**Agent:**

**FCMI PARENT CO.**  
  
By: \_\_\_\_\_  
Name:  
Title:

**Lender:**

**FCMI PARENT CO.**  
  
By: \_\_\_\_\_  
Name:  
Title:

**FCMI PARENT CO.**

- and -

**GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK  
BAY MINERALS CORPORATION, GEDEX EXPLORATION  
INC., and GEDEX EARTH INC..**

Applicant

Respondents

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

PROCEEDING COMMENCED AT TORONTO

**APPLICATION RECORD  
(Volume 1 of 2)**

**DENTONS CANADA LLP**  
77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, ON M5K 0A1

**Kenneth Kraft** (LSO# 31919P)  
Tel: 416 863-4374  
Fax: 416 863-4592  
[kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

**Mark Freake** (LSO#63656H)  
Tel: 416 863-4456  
[mark.freake@dentons.com](mailto:mark.freake@dentons.com)

*Lawyers for the Applicant, FCMI Parent Co.*