

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

B E T W E E N:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

APPLICATION RECORD

ATTORNEY GENERAL FOR ONTARIO

Crown Law Office – Civil
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Toronto, ON M7A 2S9
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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

TO: **NISKA NORTH INC.**
303 Martel Road
Chapleau, ON P0M 1K0

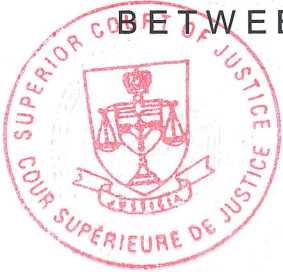
Respondent / Debtor

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

BETWEEN:



NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

NOTICE OF APPLICATION

TO THE RESPONDENT:

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 hearing before a judge of the Superior Court of Justice, Commercial List on August 24, 2018 at 10 a.m. 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 OF 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 days 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.

Date: August 3, 2018

Issued by

May Nikolaidis
Local Registrar

May Nikolaidis

Address of
court office

330 University Avenue
7th Floor,
Toronto, ON M5G 1R7

TO: NISKA NORTH INC.
303 Martel Road
Chapleau, ON P0M 1K0

Respondent / Debtor

APPLICATION

1. THE APPLICANT, NORTHERN ONTARIO HERITAGE FUND CORPORATION (“NOHFC”), MAKES AN APPLICATION FOR:

- (a) an Order abridging the time for service of the Notice of Application and the Application Record, and dispensing with further service thereof, if necessary;
- (b) an Order, substantially in the form as attached as Schedule “A” to this Notice of Application, appointing A. Farber & Partners Inc.. (“Farber”) as receiver and manager (in such capacity, the “Proposed Receiver”) over the assets, undertakings and property of Niska North Inc. (the “Debtor”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended (the “BIA”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the “CJA”);
- (c) an Order, substantially in the form attached as Schedule “B” to this Notice of Application, approving the sale process in respect of the Debtor’s assets, undertakings and property, and authorizing the Proposed Receiver to implement and conduct the sale solicitation process (the “SSP”) in accordance with the terms of the proposed sale solicitation process order (the “SSP Order”); and,
- (d) such further and other relief as counsel may request and this Honourable Court may deem just.

2. THE GROUNDS FOR THE APPLICATION ARE AS FOLLOWS:

A. The Parties

- (a) The Debtor is incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c C-44. Kevin Lindquist ("**Lindquist**") is the Debtor's founder, sole director, and sole shareholder. Until it ceased operating in December 2010, the Debtor carried on business producing lumber products at a sawmill at 303 Martel Road in Chapleau, Ontario (the "**Premises**").
- (b) NOHFC is an agent of Her Majesty the Queen in right of Ontario (the "**Crown**") established under the *Northern Ontario Heritage Fund Act*, R.S.O. 1990, c. N.5. NOHFC's mandate is to promote and stimulate economic initiatives in Northern Ontario by providing financial assistance to projects that stabilize, diversify and foster the economic growth and diversification of the region (its "**Mandate**").
- (c) NOHFC accomplishes its Mandate through, amongst other things, secured lending. In addition to making its own loans, NOHFC has acquired and administers the loan portfolio previously held by the Northern Ontario Grow Bonds Corporation ("**NOGBC**"). NOGBC's loan portfolio was assigned to NOHFC when the Crown dissolved NOGBC in 2011.

B. The Loans and Security

- (d) The Debtor's 2008 acquisition of the Premises and associated improvements and equipment purchases were financed by non-revolving

term loans from NOHFC, for \$1 million, and NOGBC, for \$500,000 (the “**Loans**”). The loans were made pursuant to agreements dated July 31, 2008. The NOGBC loan and its related security were assigned to NOHFC in 2011.

- (e) To secure the repayment of the Loans, the Debtor provided NOHFC and NOGBC with certain security (collectively, the “**Security**”), including:
- i. a general security agreement made July 31, 2008 in favour of NOHFC (the “**NOHFC GSA**”).
 - ii. a Charge/Mortgage against the Premises in favour of NOHFC, registered on August 8, 2008.
 - iii. the assignment of a \$1 million life insurance policy for Lindquist, dated July 31, 2008, in favour of NOHFC and NOGBC.
 - iv. a general security agreement made July 31, 2008 in favour of NOGBC, subsequently assigned to NOHFC.
 - v. a Charge/Mortgage against the Premises in favour of NOGBC, registered on August 8, 2008, subsequently assigned to NOHFC.
- (f) NOHFC’s security interests in the Debtor’s present and after-acquired property as granted pursuant to the NOHFC GSA and the NOGBC GSA have been perfected.

C. State of the Sawmill and NOHFC’s Security

- (g) The Debtor ran into business difficulties almost immediately after purchasing the Premises in 2008 due to market conditions and low

margins. In December 2010, the Debtor shut down the sawmill and laid off its staff. The sawmill has not operated since then.

- (h) The Debtor subsequently made various attempts to restart the sawmill and to sell the Premises, plant and equipment in order to repay its debts to NOHFC, with support and repayment accommodations from NOHFC.
- (i) The Premises are currently abandoned and untenanted, with no formal site security and with the fire suppression system turned off. NOHFC's Security is consequently at risk.

D. Default and Demand

- (j) The Debtor has defaulted under the Loan Agreements and the Security by, amongst other defaults, failing to make payments on the Loans and ceasing operations. The outstanding balance for the NOHFC Loan is \$1,409,704. The outstanding balance for the NOGBC Loan is \$694,475.
- (k) On October 25, 2017, NOHFC made a written demand to the Debtor for payment of its indebtedness under the Loans and issued a notice of intention to enforce security pursuant to s. 244(1) of the BIA (the "**Demand Package**").
- (l) On March 13, 2018, the Debtor made a voluntary assignment into bankruptcy. Farber was named as trustee.
- (m) NOHFC is the Debtor's sole secured creditor.

E. The Appointment of a Receiver and Manager is just and convenient

(n) The appointment of a receiver and manager is just and convenient for the following reasons:

- i. The Debtor is bankrupt and lacks the financial ability to pay the amounts owing under the Loans.
 - ii. The Debtor shut down the sawmill over seven years ago and there is no reasonable prospect that the Debtor will restart and operate it as a going concern.
 - iii. NOHFC has issued the Demand Package to the Debtor pursuant to s. 244(1) of the BIA. The 10-day notice period has expired.
 - iv. The appointment of a receiver is provided for in the NOGBC GSA and the NOHFC GSA.
 - v. The Premises are vacant and NOHFC's Security is at risk.
 - vi. A court-appointed receiver is necessary to protect the interests of NOHFC and the Debtor's other stakeholders by preserving and realizing upon the Debtor's assets in a transparent and court-supervised process.
- (o) NOHFC proposes that Farber be appointed as receiver and manager of the Debtor's assets, undertakings and property. Farber has consented to act in this capacity.

F. Proposed Sale Solicitation Process

(p) The proposed SSP is reasonable and represents the best approach to efficiently maximizing the value of the Debtor's assets for the benefit of

NOHFC and other stakeholders. The SSP is commercially reasonable. The Proposed Receiver shares this view.

G. Ongoing Costs to Maintain and Preserve the Premises

- (q) The anticipated expenses for the ongoing maintenance and preservation of the Debtor's assets amount to approximately \$7,000 per month, including property insurance and site supervision. NOHFC has committed to fund costs for the initial SSP period by way of an initial retainer advance and is willing to fund further costs by way of Receiver's Certificates in accordance with the proposed form of Receivership Order.

H. Statutory Grounds

- (r) The provisions of the BIA, including subsection 243(1) thereof;
- (s) The provisions of the CJA, including section 101 thereof;
- (t) Rules 1.04, 2.03, 3.02, 16 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and,
- (u) Such further and 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 Melanie Muncaster, to be sworn.
- (b) The consent of A. Farber & Partners Inc. to act as receiver and manager; and,

(c) Such further and other material as counsel may advise and this Honourable Court may permit.

Date: August 3, 2018

ATTORNEY GENERAL FOR ONTARIO

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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

- v -

NISKA NORTH INC.

CV-18-602714-¹¹⁰
00CL

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

NOTICE OF APPLICATION

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Date: August 314, 2018

Issued by _____
Local Registrar

Address of court office 330 University Avenue
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TO: NISKA NORTH INC.
303 Martel Road
Chapleau, ON P0M 1K0

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- (f) NOHFC’s security interests in the Debtor’s present and after-acquired property as granted pursuant to the NOHFC GSA and the NOGBC GSA have been perfected.

C. State of the Sawmill and NOHFC’s Security

- (g) The Debtor ran into business difficulties almost immediately after purchasing the Premises in 2008 due to market conditions and low

margins. In December 2010, the Debtor shut down the sawmill and laid off its staff. The sawmill has not operated since then.

- (h) The Debtor subsequently made various attempts to restart the sawmill and to sell the Premises, plant and equipment in order to repay its debts to NOHFC, with support and repayment accommodations from NOHFC.
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- (k) On October 25, 2017, NOHFC made a written demand to the Debtor for payment of its indebtedness under the Loans and issued a notice of intention to enforce security pursuant to s. 244(1) of the BIA (the "**Demand Package**").
- (l) On March 13, 2018, the Debtor made a voluntary assignment into bankruptcy. Farber was named as trustee.
- (m) NOHFC is the Debtor's sole secured creditor.

E. The Appointment of a Receiver and Manager is just and convenient

- (n) The appointment of a receiver and manager is just and convenient for the following reasons:
- i. The Debtor is bankrupt and lacks the financial ability to pay the amounts owing under the Loans.
 - ii. The Debtor shut down the sawmill over seven years ago and there is no reasonable prospect that the Debtor will restart and operate it as a going concern.
 - iii. NOHFC has issued the Demand Package to the Debtor pursuant to s. 244(1) of the BIA. The 10-day notice period has expired.
 - iv. The appointment of a receiver is provided for in the NOGBC GSA and the NOHFC GSA.
 - v. The Premises are vacant and NOHFC's Security is at risk.
 - vi. A court-appointed receiver is necessary to protect the interests of NOHFC and the Debtor's other stakeholders by preserving and realizing upon the Debtor's assets in a transparent and court-supervised process.
- (o) NOHFC proposes that Farber be appointed as receiver and manager of the Debtor's assets, undertakings and property. Farber has consented to act in this capacity.
- (p) The Debtor consents to this application. Kevin Lindquist, the Debtor's sole shareholder and the Debtor's only other creditor who is owed a non-nominal amount, also consents to this application.

F. Proposed Sale Solicitation Process

- (q) The proposed SSP is reasonable and represents the best approach to efficiently maximizing the value of the Debtor's assets for the benefit of NOHFC and other stakeholders. The SSP is commercially reasonable. The Proposed Receiver shares this view.

G. Ongoing Costs to Maintain and Preserve the Premises

- (r) The anticipated expenses for the ongoing maintenance and preservation of the Debtor's assets amount to approximately \$7,000 per month, including property insurance and site supervision. NOHFC has committed to fund costs for the initial SSP period by way of an initial retainer advance and is willing to fund further costs by way of Receiver's Certificates in accordance with the proposed form of Receivership Order.

H. Statutory Grounds

- (s) The provisions of the BIA, including subsection 243(1) thereof;
- (t) The provisions of the CJA, including section 101 thereof;
- (u) Rules 1.04, 2.03, 3.02, 16 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and,
- (v) Such further and 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 Melanie Muncaster, sworn August 14, 2018;
- (b) The consent of A. Farber & Partners Inc. to act as receiver and manager;
- (c) The consents of the Debtor and Kevin Lindquist to this application; and,
- (d) Such further and other material as counsel may advise and this Honourable Court may permit.

Date: August 14, 2018

ATTORNEY GENERAL FOR ONTARIO

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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

NORTHERN ONTARIO HERITAGE FUND CORPORATION

v

NISKA NORTH INC.

Applicant

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ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

**AMENDED NOTICE OF
APPLICATION**

ATTORNEY GENERAL FOR ONTARIO

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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

Schedule "A"

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

B E T W E E N:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

**ORDER
(appointing Receiver)**

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing A. Farber & Partners Inc. ("Farber") as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Niska North Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Melanie Muncaster, sworn August 14, 2018 and the Exhibits thereto and the Pre-Appointment Report of Farber, and on hearing the

submissions of counsel for the Applicant and Farber, no one appearing for the Respondent although duly served as appears from the affidavit of service of _____ sworn _____ and on reading the consent of Farber to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical

inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or

hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals,

firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including

providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined

in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any

of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and

shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and

charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$120,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges

thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

31. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of Niska North Inc. acquired for, or used in relation to, a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number CV-18-602774-00-CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of August 2018.

A. Farber & Partners Inc., solely in its
capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

v

NISKA NORTH INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

ORDER (APPOINTING RECEIVER)

ATTORNEY GENERAL FOR ONTARIO

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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

Schedule “B”

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

B E T W E E N:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

**ORDER
(Approval of Sales Process)**

THIS MOTION, made by the Applicant, Northern Ontario Heritage Fund Corporation, for an order, *inter alia*, appointing A. Farber & Partners Inc. (“Farber”) as court-appointed Receiver (in such capacity, the “Receiver”) of the assets, property and undertaking of Niska North Inc. (the “Debtor”) and approving the Sale Process as set out in the Pre-Appointment Report of Farber (the “Report”) and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicant, the Affidavit of Melanie Muncaster, sworn August 14, 2018, including the exhibits thereto and the Report, filed, and on hearing the submissions of counsel for the Applicant and counsel to Farber, no one else appearing,

APPROVAL OF THE SALE PROCESS

1. THIS COURT ORDERS that the Sale Process attached hereto as Schedule "A" and as more particularly set out in the Report (the "Sale Process") is hereby approved. The Receiver is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Sale Process. The Receiver is further authorized to make such minor amendments or adjustments to timelines as the Receiver may deem necessary or desirable to carry out the objectives of the Sale Process.

APPROVAL OF REPORT

2. THIS COURT ORDERS AND DECLARES that the Report and the activities and conduct of the Receiver attached hereto as Schedule "A" and as more particularly set out in the Report is hereby approved.

Schedule "A"

SCHEDULE OF SALE PROCESS AND RELATED STEPS

	Event	Timing
1	NOHFC to schedule motion for the appointment of Receiver, NOHFC to use own counsel	NOHFC
2	Receiver to prepare pre-appointment report in support of sales process for Property with a view to obtaining approval of sales process together with appointment order	To be completed and filed prior to motion for appointment of Receiver
3	Following appointment the Receiver contact any identified potential purchasers and invite them to submit a bid for the Property.	Within 5 days of appointment and sale process approval.
4	Advertise the sale of the Property in the National Post (National Edition), and online or otherwise as considered appropriate by the Receiver.	Within 5 days of appointment and sale process approval.
5	Information pertaining to this opportunity will be posted on the Receiver's website: www.farbergroup.com , which will include <ul style="list-style-type: none"> • Invitation for Offers to purchase the Property; • Confidentiality Agreement. 	Within 5 days of appointment and sale process approval.
6	Interested parties given access to additional data, data room and be provided with an opportunity to conduct site visits (over a 2-day period to be set by the Receiver) (subject to receipt of a signed confidentiality agreement).	Over a period of 4 weeks
7	Deadline for submission of Qualified Bids ("Bid Deadline")	4:00 PM (EST) on the 28 th day of the 4-week sales process
8	Receiver evaluates Qualified Bids received and selects successful bid	Within 2 business days of Bid Deadline
9	Finalize agreement of purchase and sale in connection with successful bid	ASAP
10	Seek Court approval of agreement of purchase and sale with selected bidder and approval and vesting order.	Within 10 days of finalizing APS
11	Close sale to successful purchaser(s).	Within 3 days of Court approval
12	Unsuccessful bidders to return all confidential materials to the Receiver, and applicable deposits refunded.	Within 1 week of closing the sale.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

v

NISKA NORTH INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

ORDER (SALES PROCESS)

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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

CV-18-602774-00CL

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

BETWEEN:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

AFFIDAVIT OF MELANIE MUNCASTER

I, **Melanie Muncaster**, of the City of Sault Ste. Marie, in the Province of Ontario, make oath and state as follows:

1. I am the Executive Director of the applicant, the Northern Ontario Heritage Fund Corporation ("**NOHFC**"). As such, I have direct knowledge of the matters hereinafter deposed to, save and except where such matters are stated to be based on information and belief, in which case I have identified the source of the information and believe such information to be true.

2. This affidavit is sworn in support of NOHFC's application for:
 - a. An Order appointing A. Farber & Partners Inc. ("**Farber**") as receiver and manager (in such capacity, the "**Proposed Receiver**") over the assets, undertakings and property of the respondent, Niska North Inc. (the "**Debtor**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the "**CJA**"); and,
 - b. An Order approving the sale process in respect of the Debtor's assets, undertakings and property, and authorizing the Proposed Receiver to implement and conduct the proposed sale solicitation process (the "**SSP**") in accordance with the terms of the proposed sale solicitation process order (the "**SSP Order**").

A. The Parties

3. The Debtor is incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c C-44. Until it ceased operating in December 2010, the Debtor carried on business as the operator of a sawmill producing lumber products in Chapleau, Ontario. Attached as **Exhibit "A"** is a true copy of the Debtor's corporate profile report, dated May 18, 2018 (the "**Profile**"). The Profile provides that Kevin Lindquist ("**Lindquist**") is the Debtor's founder, sole director, and sole shareholder.
4. NOHFC is an agent of Her Majesty the Queen in right of Ontario (the "**Crown**") established under the *Northern Ontario Heritage Fund Act*, R.S.O. 1990, c. N.5.

NOHFC's mandate is to promote and stimulate economic initiatives in Northern Ontario by providing financial assistance to projects that stabilize, diversify and foster the economic growth and diversification of the region (its "**Mandate**").

5. NOHFC accomplishes its Mandate through, amongst other things, secured lending. In addition to making its own loans, NOHFC has acquired and administers the loan portfolio previously held by the Northern Ontario Grow Bonds Corporation ("**NOGBC**"). NOGBC's loan portfolio was sold and assigned to NOHFC when the Crown dissolved NOGBC in 2011.

B. The Premises

6. In 2008, the Debtor acquired and upgraded a sawmill plant formerly owned by Domtar (the "**Sawmill**") on property municipally known as 303 Martel Road in Chapleau, Ontario and identified by PINs 73092-0307 (LT) and 73092-0308 (LT) (the "**Premises**"). The Debtor owns the Premises. Attached as **Exhibit "B"** are true copies of the two parcel abstracts for the Premises, dated June 1, 2018.

C. Loan Agreements and Security

7. The Debtor's acquisition of the Premises and the associated upgrades and equipment purchases were financed by two non-revolving term loans respectively made by NOHFC and NOGBC (the "**Loans**").
8. The NOHFC loan was for \$1,000,000. The NOGBC loan was for \$500,000. The NOGBC loan and its related security, described below, were assigned to NOHFC along with the rest of NOGBC's portfolio in 2011. The Loans were each made

pursuant to loan agreements dated July 31, 2008. Attached as **Exhibit "C"** is a true copy of the NOHFC Loan Agreement, dated July 31, 2008, and subsequent amendments. Attached as **Exhibit "D"** is a true copy of the NOGBC Loan Agreement, dated July 31, 2008, and subsequent amendments.

9. To secure the repayment of the Loans, the Debtor provided NOHFC and NOGBC (as applicable) with certain security (collectively, the "**Security**"), including:
- a. a general security agreement made July 31, 2008 in favour of NOHFC (the "**NOHFC GSA**"), a copy of which is attached as **Exhibit "E"**;
 - b. a Charge/Mortgage against the Premises in favour of NOHFC (the "**NOHFC Mortgage**") registered on August 8, 2008 as instrument SD122128 in Land Registry Office #53, District of Sudbury ("**LRO 53**"), a copy of which is attached as **Exhibit "F"**;
 - c. the assignment of a life insurance policy for Lindquist in the sum of \$1,000,000, dated July 31, 2008, made in favour of NOHFC and NOGBC, a copy of which is attached as **Exhibit "G"**;
 - d. a general security agreement made July 31, 2008 in favour of NOGBC and subsequently assigned to NOHFC (the "**NOGBC GSA**"), a copy of which is attached as **Exhibit "H"**; and,
 - e. a Charge/Mortgage against the Premises in favour of NOGBC registered on August 8, 2008 as instrument SD122131 in LRO 53, a copy of which is attached as **Exhibit "I"**. This mortgage was subsequently assigned to

NOHFC. Attached as **Exhibit "J"** is a Transfer of Charge reflecting this assignment, registered on December 10, 2010 as instrument SD188946 in LRO 53.

10. NOHFC's security interests in the Debtor's present and after-acquired property as granted pursuant to the NOHFC GSA and the NOGBC GSA have been perfected. Attached as **Exhibit "K"** is a true copy of a *Personal Property Security Act*, R.S.O. 1990, c P.10 ("**PPSA**") search certificate current to May 17, 2018 (the "**PPSA Search**").

D. State of the Sawmill and NOHFC's Security

11. The Debtor ran into business difficulties at the Premises almost immediately after its purchase due to market conditions and low margins. On or about December 4, 2010, the Debtor shut down the Sawmill and laid off its staff. The Sawmill has not operated since then.
12. Since the shutdown, the Debtor has made various attempts to restart the Sawmill and to sell the Premises, plant and equipment in order to repay its debts to NOHFC under the Loans. NOHFC has supported these efforts in good faith, including agreeing to extend repayment accommodations from time to time.
13. These efforts have ultimately been unsuccessful. The Debtor remains in default under the Loans.
14. Timothy Jones, NOHFC's legal counsel, has advised me that, as reported by Lindquist at the Debtor's first meeting of creditors and as confirmed by Farber in

its capacity as Trustee in the Debtor's bankruptcy proceeding, the Premises is currently abandoned, with no formal site security and with the Sawmill's fire suppression system turned off.

15. I believe that NOHFC's Security is consequently at risk.

E. Default and Demand

16. The Debtor has defaulted under the Loan Agreements and the Security by, amongst other defaults, failing to make interest payments; and ceasing operations.
17. As of October 23, 2017, the outstanding balance for the NOHFC Loan was \$1,409,704.40, comprised of \$1 million in principal and \$409,704.40 in interest. As of the same date, the outstanding balance for the NOGBC Loan was \$694,475.20, comprised of \$500,000 in principal and \$194,475.20 in interest.
18. On October 25, 2017, NOHFC made a written demand to the Debtor for payment of its indebtedness under the Loans and issued a notice of intention to enforce security pursuant to s. 244(1) of the BIA (the "**Demand Package**"). Attached as **Exhibit "L"** is a true copy of the Demand Package, dated October 25, 2017.
19. On March 13, 2018, the Debtor made a voluntary assignment into bankruptcy. Farber was named as Trustee. Attached as **Exhibit "M"** is a true copy of the Notice of Bankruptcy, dated March 14, 2018.

20. MNP LLP ("**MNP**") is NOHFC's due diligence service provider and administrative agent in connection with its lending portfolio. I am advised by Niall Macpherson, a financial analyst at MNP LLP with responsibility for this matter, and I so believe, that NOHFC is the Debtor's sole secured creditor. This belief is supported by the results of the PPSA Search at **Exhibit "K"**; the Parcel Abstracts attached as **Exhibit "B"**; and the Notice of Bankruptcy attached as **Exhibit "M"**.
21. NOHFC now wishes to take any and all steps necessary to preserve and protect the Debtor's assets and realize on its Security.

F. The Appointment of a Receiver and Manager is Just and Convenient

22. At all times, NOHFC has acted in good faith towards the Debtor, tolerating existing defaults and working collaboratively towards a positive resolution. I now consider it reasonable and prudent for NOHFC to enforce its Security in an effort to recover on its outstanding Loans.
23. The appointment of a receiver and manager is just and convenient for the following reasons:
- a. The Debtor is bankrupt and lacks the financial ability to pay the amounts owing under the Loans.
 - b. The Debtor shut down the Sawmill over seven years ago and there is no reasonable prospect that the Debtor will restart and operate it as a going concern.

- c. NOHFC has issued the Demand Package to the Debtor pursuant to s. 244(1) of the BIA. The 10-day notice period has expired.
 - d. The appointment of a receiver is provided for in the NOGBC GSA and the NOHFC GSA.
 - e. The Premises are currently vacant and NOHFC's Security is at risk.
 - f. A court-appointed receiver is necessary to protect the interests of NOHFC and the Debtor's other stakeholders by preserving and realizing upon the Debtor's assets through a transparent and court-supervised process.
24. NOHFC proposes that Farber be appointed as receiver and manager of the Debtor's assets, undertakings and property. Farber has consented to act in this capacity. Attached as **Exhibit "N"** is a true copy of Farber's executed consent, dated July 25, 2018.

G. Proposed Sale Solicitation Process

25. NOHFC supports an efficient and transparent sale solicitation process which will maximize monetary recovery while allowing for bids that could foster the growth and development of the economy in Northern Ontario, in accordance with NOHFC's Mandate. NOHFC has worked with the Proposed Receiver to design a proposed SSP that meets these goals.
26. The proposed SSP is commercially reasonable and represents the best approach to efficiently maximizing the value of the Debtor's assets for the benefit

of NOHFC and other stakeholders. The Proposed Receiver has indicated its support for the proposed SSP and echoes these views.

H. Ongoing Costs to Maintain and Preserve the Premises

27. I am informed by Mr. Jones, who has discussed this matter with the Trustee and Lindquist, that the anticipated expenses for the maintenance and preservation of the Debtor's assets amount to approximately \$7,000 per month, including costs for property insurance and site supervision.
28. NOHFC has committed to fund these carrying costs through the initial SSP period by way of retainer to the Proposed Receiver, and is willing to fund further carrying costs through further advances or by way of Receiver's Certificates in accordance with the proposed form of Receivership Order.

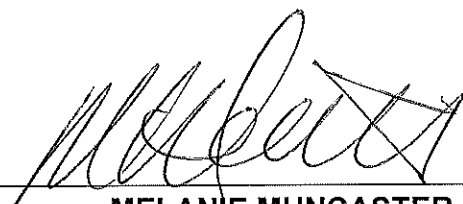
I. Consent of Niska North Inc. and Lindquist

29. The Debtor consents to this application. Lindquist, the Debtor's sole shareholder and, according to the Notice of Bankruptcy, the only other creditor of the Debtor owed a non-nominal amount, also consents to this application. Attached as Exhibit "O" are true copies of the executed consents of Lindquist in his personal capacity and on behalf of the Debtor, dated August 9, 2018.
30. This affidavit is sworn in support of NOHFC's application for the relief set out in paragraph 2 above and for no other or improper purpose.

SWORN before me at the City of Sault
Ste. Marie in the Province of Ontario,
this 14th day of August, 2018.

D. Putuson

Commissioner for taking affidavits, etc.



MELANIE MUNCASTER

Exhibit " A "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.



Government
of Canada

Gouvernement
du Canada

Federal Corporation Information - 674564-4

Buy copies of corporate documents

i Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

Corporation Number

674564-4

Business Number (BN)

855896585RC0001

Corporate Name

NISKA NORTH INC.

Status

Active

Governing Legislation

Canada Business Corporations Act - 2007-03-29

Registered Office Address

303 Martel Road
Chapleau ON P0M 1K0
Canada

i Note

Active CBCA corporations are required to [update this information](#) within 15 days of any change. A [corporation key](#) is required. If you are not authorized to update this information, you can either contact the corporation or contact [Corporations Canada](#). We will inform the corporation of its [reporting obligations](#).

Directors

Minimum 1

Maximum 10

KEVIN LINDQUIST
BOX 144, 34 SEAN

COURT
CHAPLEAU ON P0M 1K0

Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

03-29

Date of Last Annual Meeting

2017-01-17

Annual Filing Period (MM-DD)

03-29 to 05-28

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2018 - Due to be filed

2017 - Filed

2016 - Filed

Corporate History

Corporate Name History

2007-03-29 to Present

NISKA NORTH INC.

Certificates and Filings

Certificate of Incorporation

2007-03-29

Buy copies of corporate documents

Date Modified:

2018-05-07

Exhibit " B "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #53

PAGE 1 OF 1

PREPARED FOR Smith123
ON 2018/06/01 AT 17:25:45

73092-0307 (LIT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: FT LT 5 CON 1 PANET BEING PTS 1 & 2 53R18530; T/W EASEMENT OVER PT LT 5 CON 1, PT 2 53R18237 AS IN SD90495; CHAPLEAU

PROPERTY REMARKS:
CROWN GRANT SEE LT501356 & LT816754.
ESTATE/QUALIFIERS:
FEE SIMPLE
ABSOLUTE

PIN CREATION DATE:
2008/04/09

OWNERS' NAMES
NISKAN NORTH INC.
CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHCD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
53R18530	2007/12/24	PLAN REFERENCE		THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU		C
SD109026	2008/04/01	TRANSFER	\$2	NISKAN NORTH INC.	NISKAN NORTH INC.	C
SD110409	2008/04/15	CHARGE	\$500,000	NISKAN NORTH INC.	SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION	C
SD122128	2008/08/08	CHARGE	\$1,000,000	NISKAN NORTH INC.	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
SD122129	2008/08/08	POSTPONEMENT		SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
REMARKS: SD110409 TO SD122128						
SD122131	2008/08/08	CHARGE	\$500,000	NISKAN NORTH INC.	NORTHERN ONTARIO GROW BONDS CORPORATION	C
SD122132	2008/08/08	POSTPONEMENT		SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION	NORTHERN ONTARIO GROW BONDS CORPORATION	C
REMARKS: SD110409 TO SD122131						
SD188946	2010/12/10	TRANSFER OF CHARGE		NORTHERN ONTARIO GROW BONDS CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
REMARKS: SD122131.						
SD356746	2018/06/01	DISCH OF CHARGE		SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION		
REMARKS: SD110409.						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #53

73092-0308 (LT)

PAGE 1 OF 1
PREPARED FOR Smith123
ON 2018/06/01 AT 17:29:06

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 6 & 7 CON 1 PANET BEING PT LOCATION RY1111, PTS 1, 2 & 3 53R8919 EXCEPT PT 9 53R18529; T/W BASEMENT OVER PT LT 5 CON 1, PT 2 53R18237 AS IN SD90495; CHARLEAU

PROPERTY REMARKS:
ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

CROWN GRANT SEE LT501356 & LT816754.
RECENTLY:
DIVISION FROM 73092-0299

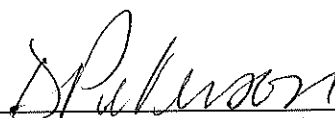
OWNERS' NAMES
NISKANORTH INC.

PLAN CREATION DATE:
2008/04/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
53R8919	1980/05/22	PLAN REFERENCE				C
SD108909	2008/03/31	TRANSFER REMARKS: PLANNING ACT STATEMENTS	\$1	DOMTAR INC.	NISKANORTH INC.	C
SD110409	2008/04/15	CHARGE	\$500,000	NISKANORTH INC.	SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION	C
SD122128	2008/08/08	CHARGE	\$1,000,000	NISKANORTH INC.	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
SD122129	2008/08/08	POSTPONEMENT REMARKS: SD110409 TO SD122128		SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
SD122131	2008/08/08	CHARGE	\$500,000	NISKANORTH INC.	NORTHERN ONTARIO GROW BONDS CORPORATION	C
SD122132	2008/08/08	POSTPONEMENT REMARKS: SD110409 TO SD122131		SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION	NORTHERN ONTARIO GROW BONDS CORPORATION	C
SD188946	2010/12/10	TRANSFER OF CHARGE REMARKS: SD122131.		NORTHERN ONTARIO GROW BONDS CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
SD356746	2018/06/01	DISCH OF CHARGE REMARKS: SD110409.		SUPERIOR EAST COMMUNITY FUTURES DEVELOPMENT CORPORATION		C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Exhibit " C "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.



Northern Ontario
Heritage Fund

Fonds du patrimoine
du Nord de l'Ontario

Suite 200, Roberta Bondar Place, 70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
Tel: (705) 945-6700 or 1-800-461-8329, Fax. (705) 945-6701. www.nohfc.com

Place Roberta Bondar, Bureau 200, 70, promenade Foster, Sault Ste. Marie (Ontario) P6A 6V8
Tél. (705) 945-6700 ou 1-800-461-8329, Téléc. (705) 945-6701. www.nohfc.com

July 31, 2008

Niska North Inc.
21 Cachagee Road, Box 1528
Chapleau, ON P0M 1K0
Attn: Mr. Kevin Lindquist

Dear Sirs:

Re: \$1,000,000.00 Term Loan

Northern Ontario Heritage Fund Corporation (the "Lender") is pleased to confirm its agreement to make a term loan to Niska North Inc. (the "Borrower") in the aggregate principal amount of \$1,000,000.00 (the "Loan") on the terms and conditions set forth below. Additional capitalized terms used but not otherwise defined herein have the meanings set out in Schedule "A" hereto.

1. LOAN PROVISIONS

- 1.1 **Loan.** The Loan will be a non-revolving term loan in the aggregate principal amount of \$1,000,000.00.
- 1.2 **Purpose.** All Loan proceeds will be applied to finance eligible capital investments (excluding, for greater certainty, land acquisition and working capital costs) for the following program (the "Program"): Establish a sawmill plant in Chapleau, Ontario including acquisition of former Domtar sawmill facility and lands, purchase of manufacturing equipment and infrastructure/site preparation costs all in accordance with the financing plan set forth below.

Land Acquisition	\$ 50,000.00	NOHFC Term Loan	\$1,000,000.00
Building & Site Preparation	\$ 420,000.00	NOGBC Term Loan	\$500,000.00
Soft Costs	\$ 45,000.00	MNR Grant	\$320,000.00
Equipment	\$1,930,000.00	CFDC Term Loan	\$500,000.00
Installation/Construction	\$989,450.00	New Equity	\$1,500,000.00
Working Capital	\$945,550.00	Royal Bank	\$560,000.00
Totals	\$4,380,000.00		\$4,380,000.00

- 1.3 **Advance.** The Loan will be made in multiple advances, the first of which will be on or about July 31, 2008, or such other date as Lender and Borrower may agree (the "Closing

Date”), subject to the Borrower giving the Lender a drawdown notice and satisfaction of all of the conditions precedent contained in this Agreement for each advance, and will be evidenced by a grid promissory note (the “**Note**”). The Borrower shall drawdown the full amount of the Loan on or before November 1, 2008 (the “**Commitment Termination Date**”), after which date the Lender shall have no obligation to make further advances of the Loan. At Lender’s option, (i) advances may be made limited to 25% of satisfactory paid supplier invoices submitted by Borrower to Lender for eligible Program costs and (ii) advances for building related costs shall be subject to receipt of a satisfactory certificate of completion from the general contractor or project manager for the Program.

- 1.4 Interest.** Interest on the outstanding principal balance of the Loan and on any overdue interest outstanding from time to time, will be payable at the rate of 7.50% per annum (the “**Interest Rate**”) calculated and compounded monthly, not in advance, until repayment in full. Interest is to be payable monthly on the first day of each and every month of each and every year during the term of the Loan, with interest at the rate provided herein both before and after maturity, default, demand and judgment. For the purposes of the *Interest Act* (Canada) and disclosure under such act, the parties acknowledge that the Interest Rate referred to above, calculated and compounded monthly not in advance, is equivalent to a rate of interest of 7.61817% per annum, calculated and compounded half-yearly, not in advance.
- 1.5 Repayment.** Notwithstanding Section 1.4, provided that no Event of Default has occurred and is continuing, interest shall not accrue or be payable on the outstanding principal amount of the Loan during the period from the Closing Date to, but excluding, the Interest Commencement Date. Blended payments of principal and interest in the amount of \$13,883.87 per month will be made by the Borrower on the first day of each and every month during the period commencing on and including the Blended Payment Commencement Date to but excluding the Maturity Date. Any unpaid principal amount of the Loan together with any accrued and unpaid interest shall be repaid in full on the Maturity Date. The monthly blended payments are based on a ninety-six (96) month amortization of the principal amount commencing on the Blended Payment Commencement Date. For the purposes of this agreement (a) “**Final Loan Advance Date**” means the earlier of (i) the date on which the Loan has been fully advanced or (ii) the Commitment Termination Date; (b) “**Interest Commencement Date**” means the second anniversary of the Final Loan Advance Date; and (c) “**Blended Payment Commencement Date**” means the date which is the first day of the second month following the month in which the Interest Commencement Date occurs.
- 1.6 Prepayments.** The Borrower may prepay in whole at any time or in part from time to time, without penalty, the principal balance of the Loan, together with any accrued and unpaid interest, upon at least five (5) Business Days’ notice. Prepayments of principal will be credited against principal payable hereunder in inverse order of maturity.
- 1.7 Application of Payments.** All payments made by the Borrower will be applied firstly in payment of interest owing to the Lender, and the balance will be applied in reduction of the unpaid portion of the principal amount of the Loan.

1.8 Place and Manner of Payment. Payments of principal and interest will be made by the Borrower to the Lender by way of certified cheque or pre-authorized electronic payment before 2:00 p.m. on the applicable due date at the address noted herein or in such other manner and at such other place and time as otherwise specified in writing by the Lender. Notwithstanding anything to the contrary in this Agreement, each payment to be made by the Borrower to the Lender hereunder shall be made on a Business Day, and if the date upon which a payment due and payable hereunder is not a Business Day, such payment shall be due and payable on the next Business Day.

2. SECURITY PROVISIONS

2.1 Security. The Loan is to be evidenced by the Note and secured by the following security agreements (collectively, the "Security Documents"):

- (a) a general security agreement (the "GSA") provided by the Borrower;
- (b) a collateral mortgage (the "Mortgage") over the real property described on Schedule "B" hereto (the "Property") provided by the Borrower;
- (c) a subordination agreement postponing and subordinating shareholders' loans in an aggregate principal amount of \$1,500,000.00 provided by Kevin Lindquist (the "Shareholder"); and
- (d) an assignment of insurance policy (on the life of Kevin Lindquist in a policy amount of \$500,000) provided by Borrower and the insured.

2.2 Priority of Security. The GSA will constitute a valid charge over the accounts, inventory, equipment and other personal property of the Borrower and the Mortgage will constitute a valid charge over the Property, which real and personal property shall be subject only to the Encumbrances listed in Schedule "C" hereto (the "Permitted Encumbrances"). Except as expressly provided in Schedule "C" hereto, nothing in this Agreement may be construed as evidencing an intention or agreement on the part of the Lender that the Security Documents be or have been subordinated to any Encumbrance, or shall cause any such subordination to occur.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties. As an inducement to the Lender to make the Loan, the Borrower makes the representations and warranties set out on Schedule "D" hereto. Such representations and warranties shall not merge on the completion of the transactions contemplated by this Agreement, shall survive execution of the Loan Documents and shall continue in full force and effect so long as this Agreement is in force and effect.

3.2 Covenants. During the period that the Loan remains outstanding, the Borrower agrees to perform all of the covenants set out in Schedule "E" hereto.

4. PRE-CONDITIONS FOR THE ADVANCE OF THE LOAN

4.1 **Conditions Precedent.** The obligation of the Lender to make the first advance of the Loan is subject to the fulfilment of the following conditions precedent to the Lender's satisfaction on or before the Closing Date:

- (a) each of the Borrower and the Shareholder will have executed and delivered all Loan Documents applicable to it, in form and substance satisfactory to the Lender acting reasonably, and all registrations or discharges necessary or desirable will have been made in order to fully secure the Loan and establish the required priority of the security interests granted in favour of the Lender;
- (b) the Borrower will have delivered to the Lender such documentation as the Lender reasonably requires in order to conduct a due diligence review of the Borrower and the Lender will have been satisfied with such due diligence review;
- (c) the representations and warranties set forth in Schedule "D" hereto will be true and correct in all material respects on the Closing Date;
- (d) the Borrower will have delivered to the Lender an opinion from the Borrower's legal counsel regarding the Borrower and the Loan Documents, such opinion to be in form and substance satisfactory to the Lender, acting reasonably;
- (e) the Borrower will have delivered to the Lender a certificate of insurance confirming that the Borrower is in compliance with the insurance requirements contained in Section 1.9 of Schedule "E" including, without limitation, the designation of the Lender as loss payee thereunder;
- (f) the Borrower will have delivered to the Lender a mortgagee policy of title insurance in respect of the Property issued by a title company satisfactory to the Lender insuring the validity and priority of the Mortgage, together with a copy of any existing survey of the Property in Borrower's possession or control;
- (g) the Borrower will have delivered to the Lender evidence satisfactory to the Lender in respect of the Program including, without limitation, satisfactory firm quotes or a fixed price contract for all Program Costs with a satisfactory breakdown of such costs;
- (h) the Lender will have received evidence satisfactory to it that all other financing obtained or to be obtained by the Borrower in respect of the Program has been received on terms and conditions satisfactory to Lender including, without limitation, (i) a \$500,000.00 term loan from Northern Ontario Grow Bonds Corporation; (ii) a grant from the Ministry of Natural Resources (Ontario) of not less than \$320,000.00; (iii) a CFDC term loan of not less than \$500,000.00; and (iv) a new equity investment or subordinated shareholder loan in an amount not less than \$1,500,000.00;

- (i) Lender shall be reasonably satisfied that the Borrower is able to obtain an \$560,000 operating line of credit from Royal Bank of Canada, or another lender reasonably acceptable to Lender, on reasonably satisfactory terms by no later than September 1, 2008;
- (j) Lender shall have received confirmation that the acquisition of the Domtar sawmill facility and lands shall have closed on satisfactory terms and shall have received, and been satisfied with the terms of, the acquisition agreement;
- (k) the Borrower will have delivered to the Lender evidence satisfactory to the Lender that the advance of the Loan has or will be used solely for the purpose described in Section 1.2 hereof;
- (l) no circumstance or event will have occurred which has or could reasonably be expected to have a Material Adverse Effect; and
- (m) the Lender will have received and be satisfied with such other documents or evidence relating to all matters as may be reasonably required by the Lender.

4.2 Multiple Advances. The obligation of the Lender to make each subsequent advance of the Loan is subject to the fulfillment of the following conditions precedent to the Lender's satisfaction on or before the date of each applicable advance:

- (a) the representations and warranties set forth in Schedule "D" hereto will be true and correct in all material respects on such date;
- (b) no circumstance or event will have occurred which has or could reasonably be expected to have a Material Adverse Effect;
- (c) the Borrower will have delivered to the Lender a favorable opinion from the Borrower's legal counsel regarding such counsel's sub-searches of the title to the Property as of such date;
- (d) the Borrower will have delivered to the Lender evidence satisfactory to the Lender as to the state of completion of the Program including, without limitation, a breakdown of building costs incurred to date showing, on an item by item basis, the original budgeted amount, the cost of work completed and the amount and cost of work left to be completed;
- (e) the Borrower will have delivered to the Lender a certificate of the general contractor or project manager attesting to the amount and estimated cost of work left to be completed and certifying that all sub-trade accounts are paid up to date;
- (f) the Borrower will have delivered to the Lender evidence satisfactory to the Lender of holdbacks from each and every advance of the Loan of 10% of lienable costs for the periods provided by the *Construction Lien Act* (Ontario), failing which the Lender shall be entitled to deduct and administrate such holdbacks;

- (g) if requested, the Lender will have had the opportunity to physically inspect the Borrower's operations, the Property and the state of completion of the Program, and to update its due diligence review of the Borrower, and the Lender will have been satisfied with such inspection and review; and
- (h) the Lender will have received and be satisfied with such other documents or evidence relating to all matters as may be reasonably required by the Lender.

5. REPORTING AND INSPECTION

5.1 **Reporting.** During the period that the Loan is outstanding, the Borrower will prepare and provide to the Lender:

- (a) within forty-five (45) days of the end of each fiscal quarter of each fiscal year, internally generated financial statements for the Borrower, including a balance sheet, and profit and loss statement as at the end of such fiscal quarter period, prepared in accordance with generally accepted accounting principles, consistently applied;
- (b) within ninety (90) days of the end of each fiscal year, reviewed financial statements for the Borrower, including a balance sheet, and a profit and loss statement as at the end of such fiscal year, all prepared in accordance with CICA review engagement standards and generally accepted accounting principles, consistently applied;
- (c) the financial statements to be delivered pursuant to Sections 5.1(a) and 5.1(b) above shall be accompanied by a compliance certificate of the President or Chief Financial Officer of the Borrower in substantially the form of Schedule "F" hereto;
- (d) at the request of the Lender, a phase 1 environmental survey in respect of the Property and any other environmental surveys and testing as may be recommended in such phase 1 survey;
- (e) within thirty (30) days prior to the beginning of each fiscal year, a copy of the Borrower's operating and capital expenditure budgets for such fiscal year; and
- (f) such other information, accounts, data and projections as the Lender may reasonably request from time to time.

5.2 **Rights of Inspection and Inquiry.** The Borrower will permit persons designated by the Lender to visit and inspect the Property, to examine its books and financial records, and to discuss its affairs, finances and accounts all at such reasonable times as may be requested by the Lender.

6. DEFAULT AND ACCELERATION

6.1 **Default.** Upon the happening of any one or more of the following events (each an "Event of Default"), namely:

- (a) if the Borrower fails to make any payment of interest owing hereunder when due and such failure continues five (5) days after the applicable due date or if the Borrower fails to make any payment of principal owing hereunder when due;
- (b) if any representation or warranty provided to the Lender (herein or otherwise) by the Borrower is incorrect in any material respect on the date on which such representation or warranty was made;
- (c) if there is a default or breach by the Borrower of any of the following covenants listed on Schedule "E" hereto: Sections 1.5, 1.9, 1.12, 1.13, 2.2, 2.6, 2.7 or 2.8;
- (d) if there is a default or breach by the Borrower of any term, covenant (other than those listed in subparagraph (c) above) or condition which is contained in this Agreement or any of the other Loan Documents, which default is not cured within ten (10) days after a notice thereof is delivered by the Lender to the Borrower;
- (e) if the Borrower (i) is dissolved, liquidated or wound up or makes a proposal in writing to be dissolved; (ii) admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes a proceeding seeking a judgment of bankruptcy or a receiving order or an order adjudicating or declaring it to be bankrupt or insolvent or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debt under any law including the *Companies Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*; (v) has a resolution passed for its winding-up, official management or liquidation; (vi) seeks or becomes subject to the appointment of an administrator, liquidator, receiver, receiver-manager, trustee or similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of a substantial or material portion of its assets or has a distress, execution, attachment, sequestration or other legal process levied or enforced on or against a substantial or material part of its assets; (viii) ceases to carry on business; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts or events;
- (f) if any bankruptcy, reorganization, arrangement or insolvency proceedings for relief under any bankruptcy or similar laws for the relief of debtors, including, without limitation, any of the proceedings or petitions described in subparagraph (e) above are instituted against the Borrower and are consented to by the Borrower or, if contested by the Borrower, are not dismissed within thirty (30) days;
- (g) if, in the reasonable opinion of the Lender, an event occurs which has or could reasonably be expected to have a Material Adverse Effect;

- (h) if the Borrower fails to pay the principal of or interest on any outstanding indebtedness for borrowed money in excess of \$50,000 when such payment is due and such failure continues after the applicable grace period, if any, or any other event occurs which accelerates or permits the acceleration of any such indebtedness, or any such indebtedness shall be declared to be due and payable prior to its stated maturity; or
- (i) if a final judgment or decree for the payment of money due is obtained or entered against the Borrower, except in respect of a judgment which (i) was the subject of a bona fide dispute, (ii) is not material to the financial condition, business or operations of the Borrower (and without restricting the generality of the foregoing, a judgment of \$25,000 or more shall be deemed to be material), and (iii) is paid in full within thirty (30) days after judgment;

then the Lender will have no obligation to make any further advances of the Loan and all outstanding principal and interest then accrued and unpaid on the Loan will immediately become due and payable and the Lender may demand payment of all such obligations and it may enforce its rights and remedies under the Security Documents or otherwise provided by law, at any time while an Event of Default is continuing.

- 6.2 Appropriation of Monies.** At any time after an Event of Default has occurred and is continuing, the Lender may from time to time appropriate any monies received from or owing to the Borrower or the proceeds arising from the enforcement of the Security Documents in its discretion as it may see fit and the Borrower may not require any different appropriation. The taking of a judgment or any other action or dealing whatsoever by the Lender in respect of its security shall not operate as a merger of any of the Borrower's obligations or in any way affect or prejudice the rights, remedies and powers which the Lender may have, and the foreclosure, surrender, cancellation or any other dealing with any security or the Borrower's obligations shall not release or affect the liability of the Borrower in respect of the remaining portion of the Borrower's obligations.
- 6.3 Remedies Cumulative.** All of the rights and remedies granted to the Lender in this Agreement and the other Loan Documents, and any other rights and remedies available to the Lender at law or in equity, shall be cumulative and may be pursued by the Lender separately, successively, or concurrently at the sole discretion of the Lender. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.
- 6.4 Costs of Collection.** All costs of collection of amounts owing hereunder, including expenses incurred by the Lender to enforce its rights and remedies under the Security Documents or otherwise provided by law, shall be for the account of the Borrower and shall be added to the principal amount of the Loan.

7. INDEMNIFICATION

7.1 **General Indemnity.** The Borrower agrees to indemnify and hold harmless the Lender and each of its officers, directors, employees, advisors, agents and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including without limitation, fees and disbursements of counsel), of any kind or nature whatsoever that may be incurred or sustained by, or asserted or awarded against, any Indemnified Party ("Claim or Loss") in each case arising out of or in connection with:

- (a) any use made or proposed to be made with the proceeds of the Loan;
- (b) any breach by the Borrower of the representations, warranties or covenants in this Agreement or any other Loan Document; and
- (c) the failure of the Borrower to make a payment in the manner and at the time specified in this Agreement.

7.2 **Environmental Indemnity.** The Borrower agrees to indemnify and hold harmless each of the Indemnified Parties from and against any and all Claims and Losses which at any time or from time to time may be paid, incurred or asserted by or against any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Property or into or up on any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Substance; and the provision of and undertaking and indemnification set out in this Section shall survive the payment and satisfaction of the Loan and all other obligations of the Borrower to the Lender under this Agreement or the other Loan Documents.

8. GENERAL PROVISIONS

8.1 **Further Assurances.** During the period that the Loan remains outstanding, the Borrower will, from time to time, do, execute and deliver or cause to be done, executed and delivered all acts, documents and instruments as may be reasonably required by the Lender for the purpose of carrying out this Agreement.

8.2 **Credit Information.** The Borrower consents to the Lender at any time and from time to time obtaining from any credit reporting agency or other source such financial and other credit information regarding the Borrower as the Lender may deem appropriate, and the Borrower further consents to the disclosure by the Lender of any such information to any such credit reporting agency or any other Person with whom the Borrower has or proposes to have a financial relationship.

8.3 **Time Periods.** Time shall be of the essence of this Agreement.

8.4 **Notices.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "Communication") must be in writing and made or given by

personal delivery, courier, facsimile transmission, or registered mail, charges prepaid, addressed to the respective parties as follows:

(a) in the case of the Lender:

Deloitte & Touche, LLP
 181 Bay Street, Suite 1400
 Toronto, ON M5J 2V1
 Attention: R. M. Graham, Associate Partner, Financial Advisory
 Fax: (416)-601-6690

With a copy to:

Northern Ontario Heritage Fund Corporation
 Suite 200, Roberta Bondar Place,
 70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
 Attention: Executive Director
 Fax: (705) 945-6701

(b) in the case of the Borrower:

Niska North Inc.
 21 Cachagee Road, Box 1528
 Chapleau, ON P0M 1K0
 Attn: Mr. Kevin Lindquist
 Fax: (705)-864-0990

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section.

8.5 Assignment. The Borrower may not assign this Agreement or any of the benefits or obligations hereunder to any Person, without the prior written consent of the Lender. The Lender will have the right at any time to assign this Agreement and any of its rights and obligations hereunder to any Person.

- 8.6 **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.
- 8.7 **Waiver.** The failure or delay by the Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by the Borrower, and any course of action on the part of the Lender, shall not operate as a waiver of any rights of the Lender unless made in writing by the Lender. Any waiver by the Lender shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Lender with respect to any other or future non-compliance.
- 8.8 **Expenses.** Each of the Borrower and the Lender will be responsible for their own respective legal and other out-of-pocket expenses incurred for the preparation, execution and delivery of this Agreement and the other Loan Documents, and for any amendments, waivers, discharges and similar matters which may be required during the period that the Loan is outstanding.
- 8.9 **Agent.** The parties agree that Deloitte & Touche, LLP or any successor appointed by the Lender may act as agent for the Lender for the purpose of determining compliance with conditions precedent for making advances, monitoring compliance with the terms of this Agreement during the period that the Loan is outstanding, and assessing any proposed amendments, waivers and similar matters on behalf of the Lender.
- 8.10 **FIPPA, etc.** Subject to compliance with the *Freedom of Information and Protection of Privacy Act* (Ontario), all information pertaining to the Loan and the Borrower's obligations under this Agreement and the other Loan Documents is public information and may be released to third parties upon request. In addition, the Lender may provide copies of any such information to other governmental authorities including, in particular, the Ministry of Northern Development and Mines.
- 8.11 **Signage.** At the request of the Lender the Borrower will, at the Lender's expense, install and maintain a sign or plaque in a visually unobstructed location on the Property at such time and in such form as the lender may reasonably request in respect of the Lender's financial support of the Program hereunder.
- 8.12 **Number and Gender.** Unless the context otherwise requires, words importing the singular in number only shall include the plural and *vice versa*, words importing the use of gender shall include the masculine, feminine and neuter genders.
- 8.13 **Successors and Assigns.** This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon the Borrower and its successors and permitted assigns.
- 8.14 **Severability.** Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof, and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

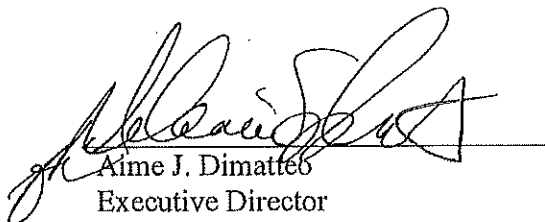
- 8.15 Entire Agreement.** This Agreement and the other Loan Documents constitute the entire agreement between the Borrower and the Lender relating to the subject matter hereof, and supersede all prior agreements, representations, warranties, understandings, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.
- 8.16 Governing Law.** This Agreement shall be interpreted in accordance with the laws of the Province of Ontario.
- 8.17 Execution in Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the effective date set forth above.
- 8.18 Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and each party hereto undertakes to provide each other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

[signature page follows]

If you are in agreement with the foregoing provisions of this Agreement, please sign each copy of this Agreement where indicated below and return two copies to the Lender at the address noted above, whereupon this Agreement will constitute a binding loan agreement between the Lender and the Borrower.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

By:


Aime J. Dimatteo
Executive Director

I have authority to bind the Corporation.

The undersigned hereby acknowledges its agreement with the foregoing as of first written above.

NISKA NORTH INC.

By:

Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

If you are in agreement with the foregoing provisions of this Agreement, please sign each copy of this Agreement where indicated below and return two copies to the Lender at the address noted above, whereupon this Agreement will constitute a binding loan agreement between the Lender and the Borrower.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

By: _____

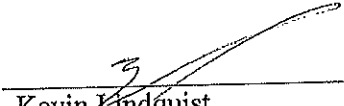
Aime J. Dimatteo
Executive Director

I have authority to bind the Corporation.

The undersigned hereby acknowledges its agreement with the foregoing as of first written above.

NISKA NORTH INC.

By: _____


Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

Schedule "A"

ADDITIONAL DEFINITIONS

1. **"Agreement"** means this loan agreement between the Lender and the Borrower, including this Schedule and the other Schedules thereto, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time.
2. **"Applicable Laws"** means any law, statute, by-law, ordinance, decree, requirement, directive, order, judgment, license, permit, code or regulation having the force of law, and any applicable determination, interpretation, ruling, order or decree, of any governmental authority or arbitrator, which is legally binding at such time.
3. **"Business Day"** means a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.
4. **"Control"** shall be deemed to exist when a Person (or Persons acting jointly or in concert) or one or more of its or their subsidiaries and other Persons controlled directly or indirectly by that Person or Persons, beneficially own(s), directly or indirectly, more than 50% of the voting shares of any company or corporation, or more than 50% of the ownership interests, however designated, in or of any trust, partnership or other unincorporated entity or other Person, or such lesser amount that would be sufficient to enable it or them to elect a majority of the directors (or trustees or other persons performing similar functions) of that company or corporation or other entity regardless of the manner in which other voting shares or other ownership interests are voted or has or have, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors or to appoint management (or trustees or other persons performing similar functions) and determine policies of such company, corporation or other entity or Person.
5. **"Encumbrance"** means any mortgage, charge, pledge, security interest, lien (statutory or otherwise), title retention agreement or other encumbrance of any kind.
6. **"Environmental Laws"** means any and all Applicable Laws relating to pollution or the protection of the environment or any activity, event or circumstance in respect of a Hazardous Substance, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, land surface or subsurface strata, surface water or groundwater.
7. **"generally accepted accounting principles"** or **"GAAP"** means, at any time, generally accepted Canadian accounting principles then in effect.
8. **"Hazardous Substance"** means any pollutant, containment or substance that when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or a material risk to human health and without restricting the generality of the foregoing, Hazardous Substance

includes any pollutant, contaminant, waste, hazardous waste or dangerous good as defined by applicable laws for the protection of the natural environment or human health (including, without limitation, asbestos and poly-chlorinated biphenyls).

9. **"Intercreditor Agreement"** means that certain intercreditor agreement between Lender, Borrower, Northern Ontario Grow Bonds Corporation and Superior East Community Futures Development Corporation.
10. **"Loan Documents"** mean collectively this Agreement, the Note, the Intercreditor Agreement, the Security Documents and all other documents delivered pursuant to or in connection with any of the foregoing.
11. **"Material Adverse Effect"** means a material adverse effect on the business, assets, operations or financial condition of the Borrower.
12. **"Maturity Date"** means the eighth anniversary of the Blended Payment Commencement Date.
13. **"Northern Ontario"** means the territorial districts of Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Timiskaming.
14. **"Person"** includes an individual, partnership, whether general, limited or undeclared, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.
15. **"Related Parties"** includes any shareholder, director, officer or employee of the Borrower or any individual related by blood, adoption or marriage to any such Person or any corporation or other Person not dealing at arms' length (as such term is defined in the *Income Tax Act* (Canada)) with any such Person.
16. **"Subordinated Debt"** means indebtedness incurred or assumed by the Borrower after the Closing Date which is subordinated to the obligation of the Borrower to pay principal and interest on the Loan on terms satisfactory to the Lender.

Schedule "B"

LEGAL DESCRIPTION OF PROPERTY

PROPERTY LEGALLY DESCRIBED AS:

PIN: 73092-0307 (LT)

PT LT 5 CON 1 PENET BEING PTS 1 & 2 ON PLAN 53R18530; T/W EASEMENT OVER PT LT 5 CON1, PT 2 ON PLAN 53R18237 AS IN SD90495; CHAPLEAU, DISTRICT OF SUDBURY

PIN 73092-0308 (LT)

PT LT 6 & 7 CON 1 PANET BEING PT LOCATION RY111, PTS 1, 2 & 3 ON PLAN 53R8919 EXCEPT PT 9 ON PLAN 53R18529; T/W EASEMENT OVER PT LT 5 CON 1, PT 2 ON PLAN 53R18237 AS IN SD90495; CHAPLEAU, DISTRICT OF SUDBURY

MUNICIPAL KNOWN AS: 303 Martel Road, Chapleau, Ontario

Schedule "C"

PERMITTED ENCUMBRANCES

"Permitted Encumbrances" means,

- (i) with respect to the Property, any one or more of the following:
 - (a) Encumbrances for realty taxes or assessments not at the time due or delinquent or the validity of which are being contested by the Borrower in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower, in accordance with GAAP, so long as such Encumbrances do not involve any immediate danger of the sale, forfeiture or loss of the Property or any part thereof;
 - (b) undetermined or inchoate Encumbrances arising in the ordinary course of business which have not at such time been filed pursuant to law against the Borrower or which relate to obligations not due or delinquent;
 - (c) Encumbrances which are: (i) title defects, encroachments or irregularities of a minor nature; or (ii) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including, without restriction, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons, in each case where such Encumbrances in the aggregate do not materially impair the usefulness or marketability of the Property or its usefulness for the purposes for which it is held;
 - (d) the right reserved to or vested in any governmental authority by any statutory provision, or by the terms of any lease, licence, franchise, grant or permit held by the Borrower, to terminate any such lease, license, franchise, grant or permit or to require annual or other payments as a condition to the continuance thereof;
 - (e) any Encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure worker's compensation, surety appeal bonds or costs of litigation when required by law, and public and statutory obligations;
 - (f) any Encumbrance resulting from security given to a public utility or governmental authority when required by such utility or governmental authority in connection with the operation of the business of the Borrower;
 - (g) the reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown;

- (h) carriers', warehousemen's, mechanics', material-men's, repairmen's or other similar Encumbrances arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested at the time by the Borrower in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower, in accordance with GAAP, so long as the same do not involve any immediate danger of the sale, forfeiture or loss of the Property or other assets that are subject to the Encumbrance;
- (i) any lien, claim or liability under the *Construction Lien Act* (Ontario) in respect of which the Lender is fully indemnified to its satisfaction from any liability or expense in respect thereof;
- (j) zoning and building by-laws and ordinances, municipal by-laws, provincial laws, and regulations, which do not materially impair the usefulness or marketability of the Property or its usefulness for the purposes for which it is held; and
- (k) covenants restricting or prohibiting access to or from real property abutting on controlled access highways, which do not adversely impair in any material respect the use of the real property concerned in the operation of the business conducted on such real property;
- (ii) a Charge/Mortgage in favour of Superior East Community Futures Development Corporation registered as instrument number SD110409 on April 15, 2008 securing the principal sum of \$500,000.00 to the extent that such Charge/Mortgage is subordinated to the Charges/Mortgages of Lender and Northern Ontario Grow Bonds Corporation; and
- (iii) the security interests granted by the Borrower to the specific secured parties in the specific collateral identified below provided that the security interests in favour of Cardinal Distribution Inc. and Superior East Community Futures Development Corporation identified below shall be "Permitted Encumbrances" only if subordinated to the security interests of Lender and Northern Ontario Grow Bonds Corporation in a manner satisfactory to Lender in its sole discretion

The following abbreviations are used to identify collateral classifications under the *Personal Property Security Act*:

A	- Accounts	I	- Inventory
CG	- Consumer Goods	MV	- includes Motor Vehicle
E	- Equipment	O	- Other

Reference File No.	Registration No.	Secured Party	Collateral	General Collateral Description/Comments
639279765	20070921 1148	Cardinal Distribution	I, E, A, O,	

<i>Reference File No.</i>	<i>Registration No.</i>	<i>Secured Party</i>	<i>Collateral</i>	<i>General Collateral Description/Comments</i>
(2 years)	1862 4606	Inc.	MV	
644228496 (10 years)	20080415 1543 1902 6591	Superior East Community Futures Development Corporation	I, E, A, O	

Schedule "D"

REPRESENTATIONS AND WARRANTIES

1. **Due Incorporation and Eligibility.** The Borrower is a duly incorporated corporation and is existing pursuant to the laws of the Province of Ontario. The principal operations of the Borrower are located in Northern Ontario and Control of the Borrower is held by residents of Northern Ontario.
2. **Power and Authority.** The Borrower has the requisite power and capacity to carry on its business, to own its property and assets and to enter into and deliver this Agreement and the other Loan Documents and to carry out its obligations thereunder and hereunder.
3. **Enforceability.** This Agreement and the other Loan Documents to which the Borrower is a party constitute valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms.
4. **Authorization of Documents.** The Borrower has taken all necessary corporate action to authorize, and has duly executed and delivered this Agreement and the other Loan Documents, and there are no provisions in any unanimous shareholder agreement which restrict or limit its powers to borrow money or grant security in respect of its assets as contemplated herein.
5. **Approvals and Compliance.** All orders, licences, approvals, permits, authorizations, exemptions, filings or registrations of, from or with any governmental authority that are material to the operation of the business of the Borrower have been obtained, and the Borrower has not received any notice, nor does it have any knowledge, that the Property, or the use thereof or any of its other operations are not in compliance in all material respects with all Applicable Laws, including without limitation, Environmental Laws, the non-compliance with which could reasonably be expected to have a Material Adverse Effect.
6. **Title to Assets.** The Borrower has good and marketable title to its properties and assets free and clear of any Encumbrances other than Permitted Encumbrances.
7. **Insurance.** The business of the Borrower and all its properties and assets are covered by such policies of insurance, issued by responsible insurers, as are appropriate to such business, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets.
8. **Litigation.** Except as disclosed in its most recent financial statements, there is no suit, action, litigation, arbitration proceeding or governmental proceeding in progress, pending or, to the Borrower's knowledge, threatened against the Borrower or affecting its properties or business and there is not presently outstanding against the Borrower any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, arbitrator or regulatory authority.

9. **Bankruptcy.** The Borrower has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken or consented to any proceeding to have itself declared bankrupt or wound-up or to have a receiver appointed over any of its property, had any encumbrancers take possession of any of its property, or had any execution or distress become enforceable or levied upon any of its property.
10. **Absence of Guarantees.** The Borrower has not given or agreed to give any guarantees and is not contingently responsible for indebtedness or other obligations of any other Persons.
11. **Absence of Conflicting Agreements; No Consents.** The Borrower is not a party to any agreement which would be contravened by, or under which any obligation would be accelerated or default or termination would occur, as a result of the consummation of any of the transactions provided for in this Agreement and the other Loan Documents. No consents or approvals are required from any Persons in connection with the execution and delivery by and the performance of the obligations of the Borrower under this Agreement and the other Loan Documents, other than those consents and approvals previously obtained and delivered to the Lender.
12. **Material Agreements.** Each of the material agreements to which the Borrower is a party (including leases) is in good standing in all material respects and in full force and effect, and no breach of such agreements has occurred by the Borrower or, to its knowledge, any of the other parties to such agreements which could reasonably be expected to have a Material Adverse Effect.
13. **Tax Matters.** The Borrower is not in default in any material respect in connection with Canadian federal, provincial, municipal or local taxes, assessments or other imposts or penalties due and unpaid in respect of its income, business or property or for the payment of any tax instalment due in respect of its current taxation year. The Borrower has fulfilled all material requirements under the *Income Tax Act*, the *Canada Pension Plan Act* and the *Employment Insurance Act* for withholding of amounts from employees and has remitted all amounts withheld to the appropriate authorities within the prescribed times.
14. **Financial Information.** All financial information relating to the Borrower which has been delivered to the Lender is complete and accurate in all material respects in light of the circumstances prevailing at the time of delivery.
15. **Construction Liens.** The Borrower has not received any notice of any construction liens currently outstanding in respect of the Property.
16. **Expropriation and Work Orders.** The Borrower has not received any notice that any part of the Property has been or is in the process of being condemned, taken or expropriated by any provincial, municipal or any other competent authority and no alteration, repair, improvement or other work has been ordered or directed to be done to or performed in respect of the Property by any such authority.

17. **Utility Arrears.** There is nothing owing in respect of the Property to any municipality or to any corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water or for the use thereof or for the machines, apparatus, meters or other things leased in respect thereof or for any work or service performed for any such corporation or commission in connection with such public utilities, except current charges.
18. **Environmental.** In connection with the Property, the Borrower does not have any knowledge of having caused or permitted the release of any Hazardous Substance on the Property except in compliance with all Environmental Laws. All Hazardous Substances have, to the knowledge of the Borrower, been used, disposed of, treated and stored by the Borrower in compliance with all Environmental Laws.
19. **Program Financing.** The Borrower has arranged financing for the Program with the parties and in the amounts set forth in Section 1.2 of this Agreement.
20. **Material Adverse Event.** No event has occurred since the date of the most recent financial statements of the Borrower provided to the Lender which could reasonably be expected to have a Material Adverse Effect.
21. **Events of Default.** No Event of Default has occurred and is continuing, nor has any event occurred which with the giving of notice, the passage of time, or both, will result in an Event of Default.

Schedule "E"**COVENANTS****1. Affirmative Covenants**

During the period that the Loan is outstanding, the Borrower covenants and agrees as follows:

- 1.1 Payments.** The Borrower will pay all principal, interest and other amounts owing under this Agreement and the other Loan Documents on the dates, at the times and at the place specified herein or therein.
- 1.2 Existence.** The Borrower will preserve and maintain its existence, rights, powers, licences, privileges, and goodwill, and exercise any rights of renewal or extensions of any leases, licences, or any other rights which are necessary or material to the conduct of its business.
- 1.3 Maintenance of Assets.** The Borrower will maintain and preserve the Property and all of its other material properties and assets which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted.
- 1.4 Keeping of Records.** The Borrower will keep accurate and complete books and records of account, together with all supporting documents, in accordance with generally accepted accounting principles, consistently applied.
- 1.5 Notification.** The Borrower will promptly notify the Lender of (i) any one or more actions, suits or proceedings which might result in a liability in excess of \$25,000 against the Borrower, individually or in the aggregate; (ii) any occurrence that causes or that could reasonably be expected to cause a Material Adverse Effect; and (iii) any occurrence that is or that reasonably will result in an Event of Default.
- 1.6 Compliance with Agreements.** The Borrower will perform and satisfy all covenants and obligations to be performed by it under this Agreement, the other Loan Documents and under any other agreement or undertaking now or hereafter made between it and the Lender.
- 1.7 Conduct of Business; Compliance with Laws.** The business of the Borrower will be conducted in a proper and efficient manner so as to protect its property and assets, including, without limitation, the Property, and the earnings, income, rents and profits of such business, and in compliance with all Applicable Laws including, without limitation, Environmental Laws. The Borrower will perform and discharge its obligations and covenants under all material agreements to which it is a party and the Borrower will demand and take all reasonable steps to ensure the discharge and performance by the other parties to such agreements of their obligations and covenants thereunder.
- 1.8 Perform Obligations.** The Borrower will observe and perform all of its obligations and will pay and discharge all amounts payable under or by virtue of any material permit,

lease, license, concession, franchise or right held by it so long as the same is of commercial value and beneficial to it.

- 1.9 Insurance.** The Borrower will maintain such policies of insurance, issued by responsible insurers, as are appropriate to its business, property and assets, in such amounts and against such risks as are satisfactory to the Lender and as are customarily carried and insured against by owners of comparable businesses, properties and assets including, without limitation, comprehensive general and business interruption insurance in an amount not less than \$5,000,000.00. Such insurance shall designate the Lender as a loss payee as its interests may appear, and shall contain a standard mortgage clause approved by the Insurance Bureau of Canada (IBC 3000). On request by the Lender, the Borrower will provide copies of any such insurance policies to the Lender.
- 1.10 Insurance Proceeds.** In the event of insurable loss or damage to property or assets of the Borrower, and so long as no Event of Default has occurred and is continuing and the applicable insurance proceeds are sufficient to fully restore or replace such property or assets, then on request by the Borrower the proceeds of any claim of insurance may be released to the Borrower to be used solely for repairing and restoring the property or assets which are subject to the claim.
- 1.11 Taxes and Other Charges.** The Borrower will file all material tax returns and pay promptly, when due (i) all taxes, assessments and governmental charges or levies lawfully imposed upon it or upon its property including, without limitation, the Property; and (ii) all claims which, if unpaid, might by law become a lien upon or deemed trust affecting its property, other than Permitted Encumbrances.
- 1.12 Use of Proceeds.** The proceeds of the Loan will be used by the Borrower exclusively for the purpose described in Section 1.2 of this Agreement.
- 1.13 Program Costs.** The Borrower will promptly notify the Lender of any material cost overrun or change orders in the Program as compared with the approved budget. The Lender will not be obliged to fund any such overrun of costs and may require proof of payment prior to any further advances.
- 1.14 Line of Credit.** Borrower will arrange for an operating line of credit facility from Royal Bank of Canada (or another lender reasonably satisfactory to Lender) in an amount of not less than \$560,000.00 and otherwise on terms and conditions satisfactory to Lender by September 1, 2008.
- 1.15 The Lender to Perform Covenants.** If the Borrower fails to perform any material covenant on its part herein contained after reasonable written notification by the Lender, the Lender may, in its discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Lender may make such payment or expenditure with its own funds, or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so, and all sums so expended or advanced shall be at once payable by the Borrower to the Lender upon demand and shall bear interest at the Interest Rate until paid.

2. Negative Covenants

During the period that the Loan is outstanding, the Borrower covenants and agrees that, without the prior written consent of the Lender (such consent not to be unreasonably withheld or delayed):

- 2.1 Encumbrances.** The Borrower will not incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it other than Permitted Encumbrances.
- 2.2 Sale of Assets.** The Borrower will not enter into any agreement or grant any option or other right in favour of any Person for the sale, transfer, lease or other disposition of any of its assets, provided that the Borrower may sell or otherwise dispose of (i) inventory in the ordinary course of its business and (ii) equipment which has become worn out or damaged or otherwise unsuitable on condition that the Borrower shall substitute therefor, subject to the security interest constituted by the GSA and free from prior Encumbrances, property of equal value so that the Lender's security shall not in any way be reduced or impaired.
- 2.3 Corporate Distributions.** The Borrower will not make any distribution or payment of any amount to or on behalf of any Related Parties, by way of salary, bonus, directors fees, management fees, dividends, loans or otherwise, and whether payments are made to such Persons in their capacities as shareholders, directors, officers, employees or creditors of the Borrower, or otherwise, or any other direct or indirect payment in respect of earnings or capital of the Borrower, except for wages to employees of the Borrower in the ordinary course of business and at levels of compensation paid by owners of comparable businesses and dividends and bonuses from earnings disclosed in the annual operating budget for the current fiscal year delivered to and approved by the Lender.
- 2.4 Transactions with Affiliates.** The Borrower will not sell property or services to, or purchase property or services from, or otherwise engage in any other transactions with, any Related Parties, except for transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower than could be obtained on an arm's length basis from unrelated third parties.
- 2.5 Investments and Guarantees.** The Borrower will not purchase or invest in the shares or assets of any business; acquire or create any subsidiary or affiliated entity; or lend money to or guarantee the obligations of any Person.
- 2.6 Nature of Business.** The Borrower will not materially change the nature of its business or relocate its principal operations outside of Northern Ontario.
- 2.7 Corporate Changes.** The Borrower will not liquidate or dissolve or enter into any consolidation, merger, partnership, joint venture or other combination; or enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person, whether by way of corporate reorganization, recapitalization or transfer.

2.8 Change of Control. The Borrower will not permit or suffer to exist a change in Control of the Borrower.

Schedule "F"

COMPLIANCE CERTIFICATE

I, _____, the _____ of Niska North Inc. (the "Borrower") hereby certify as of [insert last day of fiscal quarter/fiscal year, as applicable] (the "Certification Date"):

1. I am familiar with and have examined the provisions of the loan agreement (the "Agreement") dated as of July 31, 2008 between Borrower, and Northern Ontario Heritage Fund Corporation (the "Lender"). Terms defined in the Agreement have the same meanings when used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default under the Agreement.

By: _____
Name:
Title:

AMENDMENT No. 1 to LOAN AGREEMENT

This Amendment made the 28th day of October, 2010 amends that certain letter loan agreement dated July 31, 2008 (as amended, the "Loan Agreement") between Niska North Inc. (the "Borrower") and Northern Ontario Heritage Fund Corporation (the "Lender") and certain other Loan Documents. All capitalized terms used but not defined in this Amendment shall have the meanings given to the in the Loan Agreement.

RECITALS

- A. Pursuant to the Loan Agreement, Lender has made a term loan of \$1,000,000.00 to Borrower to be applied to finance eligible capital investments for the Program;
- B. Borrower has advised Lender that that it is experiencing financial difficulties and has requested that Lender extend the interest free period contemplated by the Loan Agreement thereby deferring principal and interest payments on the Loan; and
- C. Lender has agreed to amend the Loan Agreement on the terms and subject to the conditions set forth in this Amendment.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

1. **Extension of Interest Commencement Date and Blended Payment Commencement Date.** The final sentence of Section 1.5 of the Loan Agreement, is hereby amended and restated as follows:

For the purposes of this agreement (a) "Interest Commencement Date" means December 1, 2011; and (b) "Blended Payment Commencement Date" means January 1, 2012.

2. **Representations and Warranties.** The Borrower represents and warrants to Lender that Borrower's representations and warranties contained in the Loan Agreement are true and correct as of the date of this Amendment.

3. **Conditions Precedent to Effective Date.** This Amendment shall become effective as of the date (the "Effective Date") upon which the following conditions precedent are satisfied:

- (a) the Borrower shall have executed and delivered this Amendment to Lender;
- (b) Lender will have executed and delivered this Amendment to Borrower; and
- (c) the Borrower will have delivered to the Lender a Consent of Subordinated Lender, in the form attached hereto as Schedule "A" duly executed by Kevin Lindquist.

- 2 -

4. **General.** This Amendment may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Delivery of an executed copy of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed copy of this Amendment. This Amendment shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

- 3 -

This Amendment has been executed by the parties as of the date first stated above.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

By:

Bruce Strapp
Executive Director

I have authority to bind the Corporation.

NISKA NORTH INC.

By:

Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

- 4 -

SCHEDULE "A"**Consent of Subordinated Lender**

Reference is made to the Subordination Agreement (the "**Subordination Agreement**") dated as of July 31, 2008 among the undersigned and Northern Ontario Heritage Fund Corporation (the "**NOHFC**") for itself and as successor in interest to Northern Ontario Grow Bonds Corporation.

The undersigned consent to the foregoing Amendment and agree and confirm that:

(i) the "NOHFC Loan Agreement" referred to in the Subordination Agreement shall mean the NOHFC Loan Agreement as amended by the foregoing Amendment; and

(ii) all indebtedness, liabilities and obligations of the Borrower to NOHFC under the NOHFC Loan Agreement, as so amended, including any indebtedness, liabilities and obligations arising directly or indirectly from any amendment to the terms and conditions of the Loan contemplated by the Amendment, shall be "Senior Obligations" for the purposes of the Subordination Agreement; and

(iii) nothing contained in the Amendments shall in any way constitute a release of, or otherwise limit any of the obligations of the undersigned under the Subordination Agreement or otherwise amend or limit the terms or provisions of the Subordination Agreement (except as contemplated above), which terms are hereby ratified and affirmed.

Dated this ____ day of _____, 20__.

By:

KEVIN LINDQUIST

AMENDMENT No. 2 to LOAN AGREEMENT

This Amendment made as of the 1st day of December, 2011 amends that certain letter loan agreement dated July 31, 2008 (as amended, the "**Loan Agreement**") between Niska North Inc. (the "**Borrower**") and Northern Ontario Heritage Fund Corporation (the "**Lender**") and certain other Loan Documents. All capitalized terms used but not defined in this Amendment shall have the meanings given to the in the Loan Agreement.

RECITALS

- A. Pursuant to the Loan Agreement, Lender has made a term loan of \$1,000,000.00 to Borrower to be applied to finance eligible capital investments for the Program;
- B. Borrower has advised Lender that that it is experiencing financial difficulties and has requested that Lender extend the interest free period contemplated by the Loan Agreement thereby deferring principal and interest payments on the Loan; and
- C. Lender has agreed to amend the Loan Agreement on the terms and subject to the conditions set forth in this Amendment.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

1. **Extension of Interest Commencement Date and Blended Payment Commencement Date.** The final sentence of Section 1.5 of the Loan Agreement, is hereby amended and restated as follows:

For the purposes of this agreement (a) "**Interest Commencement Date**" means December 1, 2012; and (b) "**Blended Payment Commencement Date**" means January 1, 2013.

2. **Representations and Warranties.** The Borrower represents and warrants to Lender that Borrower's representations and warranties contained in the Loan Agreement are true and correct as of the date of this Amendment.
3. **Conditions Precedent to Effective Date.** This Amendment shall become effective as of the date (the "**Effective Date**") upon which the following conditions precedent are satisfied:
 - (a) the Borrower shall have executed and delivered this Amendment to Lender;
 - (b) Lender will have executed and delivered this Amendment to Borrower; and
 - (c) the Borrower will have delivered to the Lender a Consent of Subordinated Lender, in the form attached hereto as Schedule "A" duly executed by Kevin Lindquist.

- 2 -

4. **General.** This Amendment may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Delivery of an executed copy of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed copy of this Amendment. This Amendment shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

- 3 -

This Amendment has been executed by the parties as of the date first stated above.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

By:

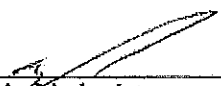


Bruce Strapp
Executive Director

I have authority to bind the Corporation.

NISKA NORTH INC.

By:



Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

- 4 -

SCHEDULE "A"**Consent of Subordinated Lender**

Reference is made to the Subordination Agreement (the "**Subordination Agreement**") dated as of July 31, 2008 among the undersigned and Northern Ontario Heritage Fund Corporation (the "**NOHFC**") for itself and as successor in interest to Northern Ontario Grow Bonds Corporation.

The undersigned consent to the foregoing Amendment and agree and confirm that:

(i) the "NOHFC Loan Agreement" referred to in the Subordination Agreement shall mean the NOHFC Loan Agreement as amended by the foregoing Amendment; and

(ii) all indebtedness, liabilities and obligations of the Borrower to NOHFC under the NOHFC Loan Agreement, as so amended, including any indebtedness, liabilities and obligations arising directly or indirectly from any amendment to the terms and conditions of the Loan contemplated by the Amendment, shall be "Senior Obligations" for the purposes of the Subordination Agreement; and

(iii) nothing contained in the Amendments shall in any way constitute a release of, or otherwise limit any of the obligations of the undersigned under the Subordination Agreement or otherwise amend or limit the terms or provisions of the Subordination Agreement (except as contemplated above), which terms are hereby ratified and affirmed.

Dated as of this 1st day of December, 2011.

By:



KEVIN LINDQUIST

AMENDMENT No. 3 to LOAN AGREEMENT

This Amendment made as of the 20th day of February, 2013 amends that certain letter loan agreement dated July 31, 2008 (as amended, the "**Loan Agreement**") between Niska North Inc. (the "**Borrower**") and Northern Ontario Heritage Fund Corporation (the "**Lender**") and certain other Loan Documents. All capitalized terms used but not defined in this Amendment shall have the meanings given to the in the Loan Agreement.

RECITALS

- A. Pursuant to the Loan Agreement, Lender has made a term loan of \$1,000,000.00 to Borrower to be applied to finance eligible capital investments for the Program;
- B. Borrower has advised Lender that that it is experiencing financial difficulties and has requested that Lender amend the Loan Agreement to defer certain principal and interest payments on the Loan; and
- C. Lender has agreed to amend the Loan Agreement on the terms and subject to the conditions set forth in this Amendment.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

1. **Payment Deferment.** The Loan Agreement is amended by adding the following as Section 1.9:

"1.9 Payment Deferment and Restructuring. Notwithstanding Sections 1.4 and 1.5, so long as no Event of Default has occurred and is continuing,

(a) all payments in respect of interest or principal on the Loan coming due during the period from and including December 1, 2012 to June 30, 2013 (such period, the "**Deferment Period**") shall be deferred in accordance with this Section 1.9;

(b) for the avoidance of doubt, during the Deferment Period interest shall continue to accrue on the outstanding principal amount of the Loan and on any unpaid interest outstanding from time to time, compounded monthly, in accordance with Section 1.4 of the Loan Agreement;

(c) during the period from and including July 1, 2013 to but excluding December 1, 2013 (such period, the "**Interest-Only Period**") the Borrower shall make interest-only payments on the Loan in the amount of \$12,500.00 per month on the first day of each and every month in the Interest-Only Period, which amount includes (i) an interest payment on the outstanding principal of the Loan in an amount of \$6,250.00 per month and (ii) a "catch-up" interest payment in the amount of \$6,250.00 per month to repay deferred and unpaid interest accruing due during the Deferment Period; and

(d) the Borrower shall resume making monthly blended payments of principal and interest in respect of the Loan in the amount of \$13,883.87 per month commencing on

January 1, 2014 and continuing on the first day of each and every month thereafter until the Maturity Date, and the unpaid principal amount of the Loan together with all accrued and unpaid interest thereon shall be repaid in full on the Maturity Date. All such payments will be made without any withholding or deduction, or will be increased so as to make whole such payments owing to the Lender hereunder

2. **Extension of Interest Commencement Date and Blended Payment Commencement Date.** The final sentence of Section 1.5 of the Loan Agreement, is hereby amended and restated as follows:

For the purposes of this agreement (a) **"Interest Commencement Date"** means December 1, 2012; and (b) **"Blended Payment Commencement Date"** means January 1, 2014.

3. **Representations and Warranties.** The Borrower represents and warrants to Lender that Borrower's representations and warranties contained in the Loan Agreement are true and correct as of the date of this Amendment.

4. **Conditions Precedent to Effective Date.** This Amendment shall become effective as of the date (the **"Effective Date"**) upon which the following conditions precedent are satisfied:

(a) the Borrower shall have executed and delivered this Amendment to Lender;

(b) Lender will have executed and delivered this Amendment to Borrower; and

(c) the Borrower will have delivered to the Lender a Consent of Subordinated Lender, in the form attached hereto as Schedule "A" duly executed by Kevin Lindquist.

5. **General.** This Amendment may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Delivery of an executed copy of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed copy of this Amendment. This Amendment shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

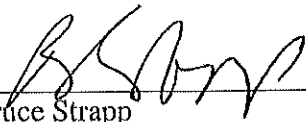
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- 3 -

This Amendment has been executed by the parties as of the date first stated above.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

By:

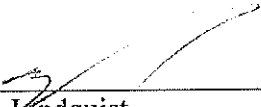


Bruce Strapp
Executive Director

I have authority to bind the Corporation.

NISKA NORTH INC.

By:



Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

SCHEDULE "A"**Consent of Subordinated Lender**

Reference is made to the Subordination Agreement (the "**Subordination Agreement**") dated as of July 31, 2008 among the undersigned and Northern Ontario Heritage Fund Corporation (the "**NOHFC**") for itself and as successor in interest to Northern Ontario Grow Bonds Corporation.

The undersigned consent to the foregoing Amendment and agree and confirm that:

(i) the "NOHFC Loan Agreement" referred to in the Subordination Agreement shall mean the NOHFC Loan Agreement as amended by the foregoing Amendment; and

(ii) all indebtedness, liabilities and obligations of the Borrower to NOHFC under the NOHFC Loan Agreement, as so amended, including any indebtedness, liabilities and obligations arising directly or indirectly from any amendment to the terms and conditions of the Loan contemplated by the Amendment, shall be "Senior Obligations" for the purposes of the Subordination Agreement; and

(iii) nothing contained in the Amendments shall in any way constitute a release of, or otherwise limit any of the obligations of the undersigned under the Subordination Agreement or otherwise amend or limit the terms or provisions of the Subordination Agreement (except as contemplated above), which terms are hereby ratified and affirmed.

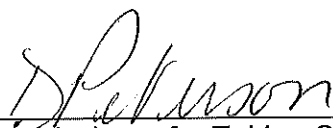
Dated as of this 20th day of February, 2013.

By:



KEVIN LINDQUIST

Exhibit "D"
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

**Northern Ontario Grow
Bonds Corporation**

159 Cedar Street, Suite 601
Sudbury, ON P3E 6A5
Tel: (705) 564-7115
Fax: (705) 564-7220

**Société d'émission d'obligations
de développement du Nord de
l'Ontario**

159, rue Cedar, local 601
Sudbury ON P3E 6A5
Téléphone: (705) 564-7115
Télécopieur: (705) 564-7220



July 31, 2008

Niska North Inc.
21 Cachagee Road, Box 1528
Chapleau, ON P0M 1K0
Attn: Mr. Kevin Lindquist

Dear Sirs:

Re: \$500,000.00 Term Loan

Northern Ontario Grow Bonds Corporation (the "**Lender**") is pleased to confirm its agreement to make a term loan to Niska North Inc. (the "**Borrower**") in the aggregate principal amount of \$500,000.00 (the "**Loan**") on the terms and conditions set forth below. Additional capitalized terms used but not otherwise defined herein have the meanings set out in Schedule "A" hereto.

1. LOAN PROVISIONS

- 1.1 Loan.** The Loan will be a non-revolving term loan in the aggregate principal amount of \$500,000.00.
- 1.2 Purpose.** All Loan proceeds will be applied to finance eligible capital investments (excluding, for greater certainty, land acquisition and working capital costs) for the following program (the "**Program**"): Establish a sawmill plant in Chapleau, Ontario including acquisition of former Domtar sawmill facility and lands, purchase of manufacturing equipment and infrastructure/site preparation costs all in accordance with the financing plan set forth below.

Land Acquisition	\$ 50,000.00	NOHFC Term Loan	\$1,000,000.00
Building & Site Preparation	\$ 420,000.00	NOGBC Term Loan	\$500,000.00
Soft Costs	\$ 45,000.00	MNR Grant	\$320,000.00
Equipment	\$1,930,000.00	CFDC Term Loan	\$500,000.00
Installation/Construction	\$989,450.00	New Equity	\$1,500,000.00
Working Capital	\$945,550.00	Royal Bank	\$560,000.00
Totals	\$4,380,000.00		\$4,380,000.00

- 1.3 **Advance.** The Loan will be made in multiple advances, the first of which will be on or about July 31, 2008, or such other date as Lender and Borrower may agree (the "**Closing Date**"), subject to the Borrower giving the Lender a drawdown notice and satisfaction of all of the conditions precedent contained in this Agreement for each advance, and will be evidenced by a grid promissory note (the "**Note**"). The Borrower shall drawdown the full amount of the Loan on or before November 1, 2008 (the "**Commitment Termination Date**"), after which date the Lender shall have no obligation to make further advances of the Loan. At Lender's option, (i) advances may be limited to the amount of satisfactory paid supplier invoices submitted by Borrower to Lender for eligible Program costs and/or may be made payable jointly to Borrower and its vendor and (ii) advances for building related costs shall be subject to receipt of a satisfactory certificate of completion from the general contractor or project manager for the Program.
- 1.4 **Interest.** Interest on the outstanding principal balance of the Loan and on any overdue interest outstanding from time to time, will be payable at the rate of 7.50% per annum (the "**Interest Rate**") calculated and compounded monthly, not in advance, until repayment in full. Interest is to be payable monthly on the first day of each and every month of each and every year during the term of the Loan, with interest at the rate provided herein both before and after maturity, default, demand and judgment. For the purposes of the *Interest Act* (Canada) and disclosure under such act, the parties acknowledge that the Interest Rate referred to above, calculated and compounded monthly not in advance, is equivalent to a rate of interest of 7.61817% per annum, calculated and compounded half-yearly, not in advance.
- 1.5 **Repayment.** Provided that no Event of Default has occurred and is continuing, only interest shall be payable on the outstanding principal amount of the Loan and on any overdue interest outstanding from time to time during the period from the Closing Date to, but excluding, the Blended Payment Commencement Date. Blended payments of principal and interest in the amount of \$13,883.87 per month will be made by the Borrower on the first day of each and every month during the period commencing on and including the Blended Payment Commencement Date to but excluding the Maturity Date. Any unpaid principal amount of the Loan together with any accrued and unpaid interest shall be repaid in full on the Maturity Date. The monthly blended payments are based on a ninety-six (96) month amortization of the principal amount commencing on the Blended Payment Commencement Date. For the purposes of this agreement "**Blended Payment Commencement Date**" means the second anniversary of the date which is the first day of the first month following the month in which the Closing Date occurs..
- 1.6 **Prepayments.** The Borrower may prepay in whole at any time or in part from time to time, without penalty, the principal balance of the Loan, together with any accrued and unpaid interest, upon at least five (5) Business Days' notice. Prepayments of principal will be credited against principal payable hereunder in inverse order of maturity.
- 1.7 **Application of Payments.** All payments made by the Borrower will be applied firstly in payment of interest owing to the Lender, and the balance will be applied in reduction of the unpaid portion of the principal amount of the Loan.

- 1.8 **Place and Manner of Payment.** Payments of principal and interest will be made by the Borrower to the Lender by way of certified cheque or pre-authorized electronic payment before 2:00 p.m. on the applicable due date at the address noted herein or in such other manner and at such other place and time as otherwise specified in writing by the Lender. Notwithstanding anything to the contrary in this Agreement, each payment to be made by the Borrower to the Lender hereunder shall be made on a Business Day, and if the date upon which a payment due and payable hereunder is not a Business Day, such payment shall be due and payable on the next Business Day.

2. SECURITY PROVISIONS

- 2.1 **Security.** The Loan is to be evidenced by the Note and secured by the following security agreements (collectively, the "Security Documents"):

- (a) a general security agreement (the "GSA") provided by the Borrower;
- (b) a collateral mortgage (the "Mortgage") over the real property described on Schedule "B" hereto (the "Property") provided by the Borrower;
- (c) a subordination agreement postponing and subordinating shareholders' loans in an aggregate principal amount of \$1,500,000.00 provided by Kevin Lindquist (the "Shareholder"); and
- (d) an assignment of insurance policy (on the life of Kevin Lindquist in a policy amount of \$500,000) provided by Borrower and the insured.

- 2.2 **Priority of Security.** The GSA will constitute a valid charge over the accounts, inventory, equipment and other personal property of the Borrower and the Mortgage will constitute a valid charge over the Property, which real and personal property shall be subject only to the Encumbrances listed in Schedule "C" hereto (the "Permitted Encumbrances"). Except as expressly provided in Schedule "C" hereto, nothing in this Agreement may be construed as evidencing an intention or agreement on the part of the Lender that the Security Documents be or have been subordinated to any Encumbrance, or shall cause any such subordination to occur.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 3.1 **Representations and Warranties.** As an inducement to the Lender to make the Loan, the Borrower makes the representations and warranties set out on Schedule "D" hereto. Such representations and warranties shall not merge on the completion of the transactions contemplated by this Agreement, shall survive execution of the Loan Documents and shall continue in full force and effect so long as this Agreement is in force and effect.
- 3.2 **Covenants.** During the period that the Loan remains outstanding, the Borrower agrees to perform all of the covenants set out in Schedule "E" hereto.

4. PRE-CONDITIONS FOR THE ADVANCE OF THE LOAN

4.1 **Conditions Precedent.** The obligation of the Lender to make the first advance of the Loan is subject to the fulfilment of the following conditions precedent to the Lender's satisfaction on or before the Closing Date:

- (a) each of the Borrower and the Shareholder will have executed and delivered all Loan Documents applicable to it, in form and substance satisfactory to the Lender acting reasonably, and all registrations or discharges necessary or desirable will have been made in order to fully secure the Loan and establish the required priority of the security interests granted in favour of the Lender;
- (b) the Borrower will have delivered to the Lender such documentation as the Lender reasonably requires in order to conduct a due diligence review of the Borrower and the Lender will have been satisfied with such due diligence review;
- (c) the representations and warranties set forth in Schedule "D" hereto will be true and correct in all material respects on the Closing Date;
- (d) the Borrower will have delivered to the Lender an opinion from the Borrower's legal counsel regarding the Borrower and the Loan Documents, such opinion to be in form and substance satisfactory to the Lender, acting reasonably;
- (e) the Borrower will have delivered to the Lender a certificate of insurance confirming that the Borrower is in compliance with the insurance requirements contained in Section 1.9 of Schedule "E" including, without limitation, the designation of the Lender as loss payee thereunder;
- (f) the Borrower will have delivered to the Lender a mortgagee policy of title insurance in respect of the Property issued by a title company satisfactory to the Lender insuring the validity and priority of the Mortgage, together with a copy of any existing survey of the Property in Borrower's possession or control;
- (g) the Borrower will have delivered to the Lender evidence satisfactory to the Lender in respect of the Program including, without limitation, satisfactory firm quotes or a fixed price contract for all Program Costs with a satisfactory breakdown of such costs;
- (h) the Lender will have received evidence satisfactory to it that all other financing obtained or to be obtained by the Borrower in respect of the Program has been received on terms and conditions satisfactory to Lender including, without limitation, (i) a \$1,000,000.00 term loan from Northern Ontario Heritage Fund Corporation; (ii) a grant from the Ministry of Natural Resources (Ontario) of not less than \$320,000.00; (iii) a CFDC term loan of not less than \$500,000.00; and (iv) a new equity investment or subordinated shareholder loan in an amount not less than \$1,500,000.00;

- (i) Lender shall be reasonably satisfied that the Borrower is able to obtain an \$560,000 operating line of credit from Royal Bank of Canada, or another lender reasonably acceptable to Lender, on reasonably satisfactory terms by no later than September 1, 2008;
- (j) Lender shall have received confirmation that the acquisition of the Domtar sawmill facility and lands shall have closed on satisfactory terms and shall have received, and been satisfied with the terms of, the acquisition agreement;
- (k) the Borrower will have delivered to the Lender evidence satisfactory to the Lender that the advance of the Loan has or will be used solely for the purpose described in Section 1.2 hereof;
- (l) no circumstance or event will have occurred which has or could reasonably be expected to have a Material Adverse Effect; and
- (m) the Lender will have received and be satisfied with such other documents or evidence relating to all matters as may be reasonably required by the Lender.

4.2 Multiple Advances. The obligation of the Lender to make each subsequent advance of the Loan is subject to the fulfillment of the following conditions precedent to the Lender's satisfaction on or before the date of each applicable advance:

- (a) the representations and warranties set forth in Schedule "D" hereto will be true and correct in all material respects on such date;
- (b) no circumstance or event will have occurred which has or could reasonably be expected to have a Material Adverse Effect;
- (c) the Borrower will have delivered to the Lender a favorable opinion from the Borrower's legal counsel regarding such counsel's sub-searches of the title to the Property as of such date;
- (d) the Borrower will have delivered to the Lender evidence satisfactory to the Lender as to the state of completion of the Program including, without limitation, a breakdown of building costs incurred to date showing, on an item by item basis, the original budgeted amount, the cost of work completed and the amount and cost of work left to be completed;
- (e) the Borrower will have delivered to the Lender a certificate of the general contractor or project manager attesting to the amount and estimated cost of work left to be completed and certifying that all sub-trade accounts are paid up to date;
- (f) the Borrower will have delivered to the Lender evidence satisfactory to the Lender of holdbacks from each and every advance of the Loan of 10% of lienable costs for the periods provided by the *Construction Lien Act* (Ontario), failing which the Lender shall be entitled to deduct and administrate such holdbacks;

- (g) if requested, the Lender will have had the opportunity to physically inspect the Borrower's operations, the Property and the state of completion of the Program, and to update its due diligence review of the Borrower, and the Lender will have been satisfied with such inspection and review; and
- (h) the Lender will have received and be satisfied with such other documents or evidence relating to all matters as may be reasonably required by the Lender.

5. REPORTING AND INSPECTION

5.1 **Reporting.** During the period that the Loan is outstanding, the Borrower will prepare and provide to the Lender:

- (a) within forty-five (45) days of the end of each fiscal quarter of each fiscal year, internally generated financial statements for the Borrower, including a balance sheet, and profit and loss statement as at the end of such fiscal quarter period, prepared in accordance with generally accepted accounting principles, consistently applied;
- (b) within ninety (90) days of the end of each fiscal year, reviewed financial statements for the Borrower, including a balance sheet, and a profit and loss statement as at the end of such fiscal year, all prepared in accordance with CICA review engagement standards and generally accepted accounting principles, consistently applied;
- (c) the financial statements to be delivered pursuant to Sections 5.1(a) and 5.1(b) above shall be accompanied by a compliance certificate of the President or Chief Financial Officer of the Borrower in substantially the form of Schedule "F" hereto;
- (d) at the request of the Lender, a phase 1 environmental survey in respect of the Property and any other environmental surveys and testing as may be recommended in such phase 1 survey;
- (e) within thirty (30) days prior to the beginning of each fiscal year, a copy of the Borrower's operating and capital expenditure budgets for such fiscal year; and
- (f) such other information, accounts, data and projections as the Lender may reasonably request from time to time.

5.2 **Rights of Inspection and Inquiry.** The Borrower will permit persons designated by the Lender to visit and inspect the Property, to examine its books and financial records, and to discuss its affairs, finances and accounts all at such reasonable times as may be requested by the Lender.

6. DEFAULT AND ACCELERATION

6.1 **Default.** Upon the happening of any one or more of the following events (each an "Event of Default"), namely:

- (a) if the Borrower fails to make any payment of interest owing hereunder when due and such failure continues five (5) days after the applicable due date or if the Borrower fails to make any payment of principal owing hereunder when due;
- (b) if any representation or warranty provided to the Lender (herein or otherwise) by the Borrower is incorrect in any material respect on the date on which such representation or warranty was made;
- (c) if there is a default or breach by the Borrower of any of the following covenants listed on Schedule "E" hereto: Sections 1.5, 1.9, 1.12, 1.13, 2.2, 2.6, 2.7 or 2.8;
- (d) if there is a default or breach by the Borrower of any term, covenant (other than those listed in subparagraph (c) above) or condition which is contained in this Agreement or any of the other Loan Documents, which default is not cured within ten (10) days after a notice thereof is delivered by the Lender to the Borrower;
- (e) if the Borrower (i) is dissolved, liquidated or wound up or makes a proposal in writing to be dissolved; (ii) admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes a proceeding seeking a judgment of bankruptcy or a receiving order or an order adjudicating or declaring it to be bankrupt or insolvent or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debt under any law including the *Companies Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*; (v) has a resolution passed for its winding-up, official management or liquidation; (vi) seeks or becomes subject to the appointment of an administrator, liquidator, receiver, receiver-manager, trustee or similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of a substantial or material portion of its assets or has a distress, execution, attachment, sequestration or other legal process levied or enforced on or against a substantial or material part of its assets; (viii) ceases to carry on business; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts or events;
- (f) if any bankruptcy, reorganization, arrangement or insolvency proceedings for relief under any bankruptcy or similar laws for the relief of debtors, including, without limitation, any of the proceedings or petitions described in subparagraph (e) above are instituted against the Borrower and are consented to by the Borrower or, if contested by the Borrower, are not dismissed within thirty (30) days;
- (g) if, in the reasonable opinion of the Lender, an event occurs which has or could reasonably be expected to have a Material Adverse Effect;

- (h) if the Borrower fails to pay the principal of or interest on any outstanding indebtedness for borrowed money in excess of \$50,000 when such payment is due and such failure continues after the applicable grace period, if any, or any other event occurs which accelerates or permits the acceleration of any such indebtedness, or any such indebtedness shall be declared to be due and payable prior to its stated maturity; or
- (i) if a final judgment or decree for the payment of money due is obtained or entered against the Borrower, except in respect of a judgment which (i) was the subject of a bona fide dispute, (ii) is not material to the financial condition, business or operations of the Borrower (and without restricting the generality of the foregoing, a judgment of \$25,000 or more shall be deemed to be material), and (iii) is paid in full within thirty (30) days after judgment;

then the Lender will have no obligation to make any further advances of the Loan and all outstanding principal and interest then accrued and unpaid on the Loan will immediately become due and payable and the Lender may demand payment of all such obligations and it may enforce its rights and remedies under the Security Documents or otherwise provided by law, at any time while an Event of Default is continuing.

- 6.2 Appropriation of Monies.** At any time after an Event of Default has occurred and is continuing, the Lender may from time to time appropriate any monies received from or owing to the Borrower or the proceeds arising from the enforcement of the Security Documents in its discretion as it may see fit and the Borrower may not require any different appropriation. The taking of a judgment or any other action or dealing whatsoever by the Lender in respect of its security shall not operate as a merger of any of the Borrower's obligations or in any way affect or prejudice the rights, remedies and powers which the Lender may have, and the foreclosure, surrender, cancellation or any other dealing with any security or the Borrower's obligations shall not release or affect the liability of the Borrower in respect of the remaining portion of the Borrower's obligations.
- 6.3 Remedies Cumulative.** All of the rights and remedies granted to the Lender in this Agreement and the other Loan Documents, and any other rights and remedies available to the Lender at law or in equity, shall be cumulative and may be pursued by the Lender separately, successively, or concurrently at the sole discretion of the Lender. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.
- 6.4 Costs of Collection.** All costs of collection of amounts owing hereunder, including expenses incurred by the Lender to enforce its rights and remedies under the Security Documents or otherwise provided by law, shall be for the account of the Borrower and shall be added to the principal amount of the Loan.

7. INDEMNIFICATION

7.1 **General Indemnity.** The Borrower agrees to indemnify and hold harmless the Lender and each of its officers, directors, employees, advisors, agents and representatives (each, an "**Indemnified Party**") from and against any and all claims, damages, losses, liabilities and expenses (including without limitation, fees and disbursements of counsel), of any kind or nature whatsoever that may be incurred or sustained by, or asserted or awarded against, any Indemnified Party ("**Claim or Loss**") in each case arising out of or in connection with:

- (a) any use made or proposed to be made with the proceeds of the Loan;
- (b) any breach by the Borrower of the representations, warranties or covenants in this Agreement or any other Loan Document; and
- (c) the failure of the Borrower to make a payment in the manner and at the time specified in this Agreement.

7.2 **Environmental Indemnity.** The Borrower agrees to indemnify and hold harmless each of the Indemnified Parties from and against any and all Claims and Losses which at any time or from time to time may be paid, incurred or asserted by or against any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Property or into or up on any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Substance; and the provision of and undertaking and indemnification set out in this Section shall survive the payment and satisfaction of the Loan and all other obligations of the Borrower to the Lender under this Agreement or the other Loan Documents.

8. GENERAL PROVISIONS

- 8.1 **Further Assurances.** During the period that the Loan remains outstanding, the Borrower will, from time to time, do, execute and deliver or cause to be done, executed and delivered all acts, documents and instruments as may be reasonably required by the Lender for the purpose of carrying out this Agreement.
- 8.2 **Credit Information.** The Borrower consents to the Lender at any time and from time to time obtaining from any credit reporting agency or other source such financial and other credit information regarding the Borrower as the Lender may deem appropriate, and the Borrower further consents to the disclosure by the Lender of any such information to any such credit reporting agency or any other Person with whom the Borrower has or proposes to have a financial relationship.
- 8.3 **Time Periods.** Time shall be of the essence of this Agreement.
- 8.4 **Notices.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "**Communication**") must be in writing and made or given by

personal delivery, courier, facsimile transmission, or registered mail, charges prepaid, addressed to the respective parties as follows:

(a) in the case of the Lender:

Deloitte & Touche, LLP
 181 Bay Street, Suite 1400
 Toronto, ON M5J 2V1
 Attention: R. M. Graham, Associate Partner, Financial Advisory
 Fax: (416)-601-6690

With a copy to:

Northern Ontario Grow Bonds Corporation
 159 Cedar Street, Suite 601
 Sudbury, Ontario P3E 6A5
 Attention: Sharon Tansley
 Fax: (705) 564-7220

(b) in the case of the Borrower:

Niska North Inc.
 21 Cachagee Road, Box 1528
 Chapleau, ON P0M 1K0
 Attn: Mr. Kevin Lindquist
 Fax: (705)-864-0990

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section.

8.5 Assignment. The Borrower may not assign this Agreement or any of the benefits or obligations hereunder to any Person, without the prior written consent of the Lender. The Lender will have the right at any time to assign this Agreement and any of its rights and obligations hereunder to any Person.

- 8.6 **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.
- 8.7 **Waiver.** The failure or delay by the Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by the Borrower, and any course of action on the part of the Lender, shall not operate as a waiver of any rights of the Lender unless made in writing by the Lender. Any waiver by the Lender shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Lender with respect to any other or future non-compliance.
- 8.8 **Expenses.** Each of the Borrower and the Lender will be responsible for their own respective legal and other out-of-pocket expenses incurred for the preparation, execution and delivery of this Agreement and the other Loan Documents, and for any amendments, waivers, discharges and similar matters which may be required during the period that the Loan is outstanding.
- 8.9 **Agent.** The parties agree that Deloitte & Touche, LLP or any successor appointed by the Lender (the "Agent") may act as agent for the Lender for the purpose of determining compliance with conditions precedent for making advances, monitoring compliance with the terms of this Agreement during the period that the Loan is outstanding, and assessing any proposed amendments, waivers and similar matters on behalf of the Lender.
- 8.10 **FIPPA, etc.** Subject to compliance with the *Freedom of Information and Protection of Privacy Act* (Ontario), all information pertaining to the Loan and the Borrower's obligations under this Agreement and the other Loan Documents is public information and may be released to third parties upon request. In addition, the Lender may provide copies of any such information to other governmental authorities including, in particular, the Ministry of Northern Development and Mines.
- 8.11 **Signage.** At the request of the Lender the Borrower will, at the Lender's expense, install and maintain a sign or plaque in a visually unobstructed location on the Property at such time and in such form as the lender may reasonably request in respect of the Lender's financial support of the Program hereunder.
- 8.12 **Number and Gender.** Unless the context otherwise requires, words importing the singular in number only shall include the plural and *vice versa*, words importing the use of gender shall include the masculine, feminine and neuter genders.
- 8.13 **Successors and Assigns.** This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon the Borrower and its successors and permitted assigns.
- 8.14 **Severability.** Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof, and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

- 8.15 Entire Agreement.** This Agreement and the other Loan Documents constitute the entire agreement between the Borrower and the Lender relating to the subject matter hereof, and supersede all prior agreements, representations, warranties, understandings, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.
- 8.16 Governing Law.** This Agreement shall be interpreted in accordance with the laws of the Province of Ontario.
- 8.17 Execution in Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the effective date set forth above.
- 8.18 Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and each party hereto undertakes to provide each other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

[signature page follows]

If you are in agreement with the foregoing provisions of this Agreement, please sign each copy of this Agreement where indicated below and return two copies to the Lender at the address noted above, whereupon this Agreement will constitute a binding loan agreement between the Lender and the Borrower.

**NORTHERN ONTARIO GROW BONDS
CORPORATION**

By:

Sharon Tansley
General Manager

I have authority to bind the Corporation.

The undersigned hereby acknowledges its agreement with the foregoing as of first written above.

NISKA NORTH INC.

By:

Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

If you are in agreement with the foregoing provisions of this Agreement, please sign each copy of this Agreement where indicated below and return two copies to the Lender at the address noted above, whereupon this Agreement will constitute a binding loan agreement between the Lender and the Borrower.

**NORTHERN ONTARIO GROW BONDS
CORPORATION**

By: Sharon Tansley
Sharon Tansley
General Manager

I have authority to bind the Corporation.

The undersigned hereby acknowledges its agreement with the foregoing as of first written above.

NISKA NORTH INC.

By: _____
Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

Schedule "A"

ADDITIONAL DEFINITIONS

1. **"Agreement"** means this loan agreement between the Lender and the Borrower, including this Schedule and the other Schedules thereto, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time.
2. **"Applicable Laws"** means any law, statute, by-law, ordinance, decree, requirement, directive, order, judgment, license, permit, code or regulation having the force of law, and any applicable determination, interpretation, ruling, order or decree, of any governmental authority or arbitrator, which is legally binding at such time.
3. **"Business Day"** means a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.
4. **"Control"** shall be deemed to exist when a Person (or Persons acting jointly or in concert) or one or more of its or their subsidiaries and other Persons controlled directly or indirectly by that Person or Persons, beneficially own(s), directly or indirectly, more than 50% of the voting shares of any company or corporation, or more than 50% of the ownership interests, however designated, in or of any trust, partnership or other unincorporated entity or other Person, or such lesser amount that would be sufficient to enable it or them to elect a majority of the directors (or trustees or other persons performing similar functions) of that company or corporation or other entity regardless of the manner in which other voting shares or other ownership interests are voted or has or have, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors or to appoint management (or trustees or other persons performing similar functions) and determine policies of such company, corporation or other entity or Person.
5. **"Encumbrance"** means any mortgage, charge, pledge, security interest, lien (statutory or otherwise), title retention agreement or other encumbrance of any kind.
6. **"Environmental Laws"** means any and all Applicable Laws relating to pollution or the protection of the environment or any activity, event or circumstance in respect of a Hazardous Substance, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, land surface or subsurface strata, surface water or groundwater.
7. **"generally accepted accounting principles"** or **"GAAP"** means, at any time, generally accepted Canadian accounting principles then in effect.
8. **"Hazardous Substance"** means any pollutant, containment or substance that when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or a material risk to human health and without restricting the generality of the foregoing, Hazardous Substance

includes any pollutant, contaminant, waste, hazardous waste or dangerous good as defined by applicable laws for the protection of the natural environment or human health (including, without limitation, asbestos and poly-chlorinated biphenyls).

9. **"Intercreditor Agreement"** means that certain intercreditor agreement between Lender, Borrower, Northern Ontario Heritage Fund Corporation and Superior East Community Futures Development Corporation.
10. **"Loan Documents"** mean collectively this Agreement, the Note, the Intercreditor Agreement, the Security Documents and all other documents delivered pursuant to or in connection with any of the foregoing.
11. **"Material Adverse Effect"** means a material adverse effect on the business, assets, operations or financial condition of the Borrower.
12. **"Maturity Date"** means the fifth anniversary of the date which is the earlier of (i) the date on which the Loan has been fully advanced or (ii) the Commitment Termination Date.
13. **"Northern Ontario"** means the territorial districts of Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Timiskaming.
14. **"Person"** includes an individual, partnership, whether general, limited or undeclared, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.
15. **"Prohibited Person"** means any of the following Persons who are prohibited from applying for or obtaining Loans under the Lender's conflict of interest policy:
 - (a) a director or officer of the Lender;
 - (b) the Agent, or any sub-contractor of the Agent which is providing loan application evaluation or loan administration services to the Lender;
 - (c) any of the Agent's or such subcontractor's respective (i) principals, partners, directors or officers or (ii) employees, if such employees are engaged in providing loan application evaluation or loan administration services to the Lender (the persons identified in clause (b) and this clause (c) are collectively, the **"Agent Personnel"**);
 - (d) an individual who is a parent, spouse (as within the meaning of Section 29 of the *Family Law Act* but including a same-sex spouse), sibling or child of (i) any Agent Personnel or (ii) any director or officer of the Lender; or
 - (e) a corporation, partnership or other business entity in which any of the persons described in clause (a), (b), (c) or (d) above (i) is a director or partner or (ii) has

an interest, however designated, sufficient to enable such person to appoint a majority of the board of directors, appoint senior management or determine the policies of such business entity.

16. **"Related Parties"** includes any shareholder, director, officer or employee of the Borrower or any individual related by blood, adoption or marriage to any such Person or any corporation or other Person not dealing at arms' length (as such term is defined in the *Income Tax Act* (Canada)) with any such Person.
17. **"Subordinated Debt"** means indebtedness incurred or assumed by the Borrower after the Closing Date which is subordinated to the obligation of the Borrower to pay principal and interest on the Loan on terms satisfactory to the Lender.

Schedule "B"**LEGAL DESCRIPTION OF PROPERTY**

PROPERTY LEGALLY DESCRIBED AS:

PIN: 73092-0307 (LT)
PT LT 5 CON 1 PENET BEING PTS 1 & 2 ON PLAN 53R18530; T/W EASEMENT OVER PT
LT 5 CON1, PT 2 ON PLAN 53R18237 AS IN SD90495; CHAPLEAU, DISTRICT OF
SUDBURY

PIN 73092-0308 (LT)
PT LT 6 & 7 CON 1 PANET BEING PT LOCATION RY111, PTS 1, 2 & 3 ON PLAN
53R8919 EXCEPT PT 9 ON PLAN 53R18529; T/W EASEMENT OVER PT LT 5 CON 1, PT 2
ON PLAN 53R18237 AS IN SD90495; CHAPLEAU, DISTRICT OF SUDBURY

MUNICIPAL KNOWN AS: 303 Martel Road, Chapleau, Ontario

Schedule "C"

PERMITTED ENCUMBRANCES

"Permitted Encumbrances" means,

- (i) with respect to the Property, any one or more of the following:
 - (a) Encumbrances for realty taxes or assessments not at the time due or delinquent or the validity of which are being contested by the Borrower in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower, in accordance with GAAP, so long as such Encumbrances do not involve any immediate danger of the sale, forfeiture or loss of the Property or any part thereof;
 - (b) undetermined or inchoate Encumbrances arising in the ordinary course of business which have not at such time been filed pursuant to law against the Borrower or which relate to obligations not due or delinquent;
 - (c) Encumbrances which are: (i) title defects, encroachments or irregularities of a minor nature; or (ii) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including, without restriction, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons, in each case where such Encumbrances in the aggregate do not materially impair the usefulness or marketability of the Property or its usefulness for the purposes for which it is held;
 - (d) the right reserved to or vested in any governmental authority by any statutory provision, or by the terms of any lease, licence, franchise, grant or permit held by the Borrower, to terminate any such lease, license, franchise, grant or permit or to require annual or other payments as a condition to the continuance thereof;
 - (e) any Encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure worker's compensation, surety appeal bonds or costs of litigation when required by law, and public and statutory obligations;
 - (f) any Encumbrance resulting from security given to a public utility or governmental authority when required by such utility or governmental authority in connection with the operation of the business of the Borrower;
 - (g) the reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown;

- (h) carriers', warehousemen's, mechanics', material-men's, repairmen's or other similar Encumbrances arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested at the time by the Borrower in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower, in accordance with GAAP, so long as the same do not involve any immediate danger of the sale, forfeiture or loss of the Property or other assets that are subject to the Encumbrance;
 - (i) any lien, claim or liability under the *Construction Lien Act* (Ontario) in respect of which the Lender is fully indemnified to its satisfaction from any liability or expense in respect thereof;
 - (j) zoning and building by-laws and ordinances, municipal by-laws, provincial laws, and regulations, which do not materially impair the usefulness or marketability of the Property or its usefulness for the purposes for which it is held; and
 - (k) covenants restricting or prohibiting access to or from real property abutting on controlled access highways, which do not adversely impair in any material respect the use of the real property concerned in the operation of the business conducted on such real property;
- (ii) a Charge/Mortgage in favour of Superior East Community Futures Development Corporation registered as instrument number SD110409 on April 15, 2008 securing the principal sum of \$500,000.00 to the extent that such Charge/Mortgage is subordinated to the Charges/Mortgages of Lender and Northern Ontario Heritage Fund Corporation; and
- (iii) the security interests granted by the Borrower to the specific secured parties in the specific collateral identified below provided that the security interests in favour of Cardinal Distribution Inc. and Superior East Community Futures Development Corporation identified below shall be "Permitted Encumbrances" only if subordinated to the security interests of Lender and Northern Ontario Grow Bonds Corporation in a manner satisfactory to Lender in its sole discretion

The following abbreviations are used to identify collateral classifications under the *Personal Property Security Act*:

A	- Accounts	I	- Inventory
CG	- Consumer Goods	MV	- includes Motor Vehicle
E	- Equipment	O	- Other

Reference File No.	Registration No.	Secured Party	Collateral	General Collateral Description/Comments
639279765	20070921 1148	Cardinal Distribution	I, E, A, O,	

<i>Reference File No.</i>	<i>Registration No.</i>	<i>Secured Party</i>	<i>Collateral</i>	<i>General Collateral Description/Comments</i>
(2 years)	1862 4606	inc.	MV	
644228496 (10 years)	20080415 1543 1902 6591	Superior East Community Futures Development Corporation	I, E, A, O	

Schedule "D"

REPRESENTATIONS AND WARRANTIES

1. **Due Incorporation and Eligibility.** The Borrower is a duly incorporated corporation and is existing pursuant to the laws of the Province of Ontario. The principal operations of the Borrower are located in Northern Ontario and Control of the Borrower is held by residents of Northern Ontario. The Borrower is not a Prohibited Person.
2. **Power and Authority.** The Borrower has the requisite power and capacity to carry on its business, to own its property and assets and to enter into and deliver this Agreement and the other Loan Documents and to carry out its obligations thereunder and hereunder.
3. **Enforceability.** This Agreement and the other Loan Documents to which the Borrower is a party constitute valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms.
4. **Authorization of Documents.** The Borrower has taken all necessary corporate action to authorize, and has duly executed and delivered this Agreement and the other Loan Documents, and there are no provisions in any unanimous shareholder agreement which restrict or limit its powers to borrow money or grant security in respect of its assets as contemplated herein.
5. **Approvals and Compliance.** All orders, licences, approvals, permits, authorizations, exemptions, filings or registrations of, from or with any governmental authority that are material to the operation of the business of the Borrower have been obtained, and the Borrower has not received any notice, nor does it have any knowledge, that the Property, or the use thereof or any of its other operations are not in compliance in all material respects with all Applicable Laws, including without limitation, Environmental Laws, the non-compliance with which could reasonably be expected to have a Material Adverse Effect.
6. **Title to Assets.** The Borrower has good and marketable title to its properties and assets free and clear of any Encumbrances other than Permitted Encumbrances.
7. **Insurance.** The business of the Borrower and all its properties and assets are covered by such policies of insurance, issued by responsible insurers, as are appropriate to such business, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets.
8. **Litigation.** Except as disclosed in its most recent financial statements, there is no suit, action, litigation, arbitration proceeding or governmental proceeding in progress, pending or, to the Borrower's knowledge, threatened against the Borrower or affecting its properties or business and there is not presently outstanding against the Borrower any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, arbitrator or regulatory authority.

9. **Bankruptcy.** The Borrower has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken or consented to any proceeding to have itself declared bankrupt or wound-up or to have a receiver appointed over any of its property, had any encumbrancers take possession of any of its property, or had any execution or distress become enforceable or levied upon any of its property.
10. **Absence of Guarantees.** The Borrower has not given or agreed to give any guarantees and is not contingently responsible for indebtedness or other obligations of any other Persons.
11. **Absence of Conflicting Agreements; No Consents.** The Borrower is not a party to any agreement which would be contravened by, or under which any obligation would be accelerated or default or termination would occur, as a result of the consummation of any of the transactions provided for in this Agreement and the other Loan Documents. No consents or approvals are required from any Persons in connection with the execution and delivery by and the performance of the obligations of the Borrower under this Agreement and the other Loan Documents, other than those consents and approvals previously obtained and delivered to the Lender.
12. **Material Agreements.** Each of the material agreements to which the Borrower is a party (including leases) is in good standing in all material respects and in full force and effect, and no breach of such agreements has occurred by the Borrower or, to its knowledge, any of the other parties to such agreements which could reasonably be expected to have a Material Adverse Effect.
13. **Tax Matters.** The Borrower is not in default in any material respect in connection with Canadian federal, provincial, municipal or local taxes, assessments or other imposts or penalties due and unpaid in respect of its income, business or property or for the payment of any tax instalment due in respect of its current taxation year. The Borrower has fulfilled all material requirements under the *Income Tax Act*, the *Canada Pension Plan Act* and the *Employment Insurance Act* for withholding of amounts from employees and has remitted all amounts withheld to the appropriate authorities within the prescribed times.
14. **Financial Information.** All financial information relating to the Borrower which has been delivered to the Lender is complete and accurate in all material respects in light of the circumstances prevailing at the time of delivery.
15. **Construction Liens.** The Borrower has not received any notice of any construction liens currently outstanding in respect of the Property.
16. **Expropriation and Work Orders.** The Borrower has not received any notice that any part of the Property has been or is in the process of being condemned, taken or expropriated by any provincial, municipal or any other competent authority and no alteration, repair, improvement or other work has been ordered or directed to be done to or performed in respect of the Property by any such authority.

17. **Utility Arrears.** There is nothing owing in respect of the Property to any municipality or to any corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water or for the use thereof or for the machines, apparatus, meters or other things leased in respect thereof or for any work or service performed for any such corporation or commission in connection with such public utilities, except current charges.
18. **Environmental.** In connection with the Property, the Borrower does not have any knowledge of having caused or permitted the release of any Hazardous Substance on the Property except in compliance with all Environmental Laws. All Hazardous Substances have, to the knowledge of the Borrower, been used, disposed of, treated and stored by the Borrower in compliance with all Environmental Laws.
19. **Program Financing.** The Borrower has arranged financing for the Program with the parties and in the amounts set forth in Section 1.2 of this Agreement.
20. **Material Adverse Event.** No event has occurred since the date of the most recent financial statements of the Borrower provided to the Lender which could reasonably be expected to have a Material Adverse Effect.
21. **Events of Default.** No Event of Default has occurred and is continuing, nor has any event occurred which with the giving of notice, the passage of time, or both, will result in an Event of Default.

Schedule "E"**COVENANTS****1. Affirmative Covenants**

During the period that the Loan is outstanding, the Borrower covenants and agrees as follows:

- 1.1 Payments.** The Borrower will pay all principal, interest and other amounts owing under this Agreement and the other Loan Documents on the dates, at the times and at the place specified herein or therein.
- 1.2 Existence.** The Borrower will preserve and maintain its existence, rights, powers, licences, privileges, and goodwill, and exercise any rights of renewal or extensions of any leases, licences, or any other rights which are necessary or material to the conduct of its business.
- 1.3 Maintenance of Assets.** The Borrower will maintain and preserve the Property and all of its other material properties and assets which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted.
- 1.4 Keeping of Records.** The Borrower will keep accurate and complete books and records of account, together with all supporting documents, in accordance with generally accepted accounting principles, consistently applied.
- 1.5 Notification.** The Borrower will promptly notify the Lender of (i) any one or more actions, suits or proceedings which might result in a liability in excess of \$25,000 against the Borrower, individually or in the aggregate; (ii) any occurrence that causes or that could reasonably be expected to cause a Material Adverse Effect; and (iii) any occurrence that is or that reasonably will result in an Event of Default.
- 1.6 Compliance with Agreements.** The Borrower will perform and satisfy all covenants and obligations to be performed by it under this Agreement, the other Loan Documents and under any other agreement or undertaking now or hereafter made between it and the Lender.
- 1.7 Conduct of Business; Compliance with Laws.** The business of the Borrower will be conducted in a proper and efficient manner so as to protect its property and assets, including, without limitation, the Property, and the earnings, income, rents and profits of such business, and in compliance with all Applicable Laws including, without limitation, Environmental Laws. The Borrower will perform and discharge its obligations and covenants under all material agreements to which it is a party and the Borrower will demand and take all reasonable steps to ensure the discharge and performance by the other parties to such agreements of their obligations and covenants thereunder.
- 1.8 Perform Obligations.** The Borrower will observe and perform all of its obligations and will pay and discharge all amounts payable under or by virtue of any material permit,

lease, license, concession, franchise or right held by it so long as the same is of commercial value and beneficial to it.

- 1.9 Insurance.** The Borrower will maintain such policies of insurance, issued by responsible insurers, as are appropriate to its business, property and assets, in such amounts and against such risks as are satisfactory to the Lender and as are customarily carried and insured against by owners of comparable businesses, properties and assets including, without limitation, comprehensive general and business interruption insurance in an amount not less than \$5,000,000.00. Such insurance shall designate the Lender as a loss payee as its interests may appear, and shall contain a standard mortgage clause approved by the Insurance Bureau of Canada (IBC 3000). On request by the Lender, the Borrower will provide copies of any such insurance policies to the Lender.
- 1.10 Insurance Proceeds.** In the event of insurable loss or damage to property or assets of the Borrower, and so long as no Event of Default has occurred and is continuing and the applicable insurance proceeds are sufficient to fully restore or replace such property or assets, then on request by the Borrower the proceeds of any claim of insurance may be released to the Borrower to be used solely for repairing and restoring the property or assets which are subject to the claim.
- 1.11 Taxes and Other Charges.** The Borrower will file all material tax returns and pay promptly, when due (i) all taxes, assessments and governmental charges or levies lawfully imposed upon it or upon its property including, without limitation, the Property; and (ii) all claims which, if unpaid, might by law become a lien upon or deemed trust affecting its property, other than Permitted Encumbrances.
- 1.12 Use of Proceeds.** The proceeds of the Loan will be used by the Borrower exclusively for the purpose described in Section 1.2 of this Agreement.
- 1.13 Program Costs.** The Borrower will promptly notify the Lender of any material cost overrun or change orders in the Program as compared with the approved budget. The Lender will not be obliged to fund any such overrun of costs and may require proof of payment prior to any further advances.
- 1.14 Line of Credit.** Borrower will arrange for an operating line of credit facility from Royal Bank of Canada (or another lender reasonably satisfactory to Lender) in an amount of not less than \$560,000.00 and otherwise on terms and conditions satisfactory to Lender by September 1, 2008.
- 1.15 The Lender to Perform Covenants.** If the Borrower fails to perform any material covenant on its part herein contained after reasonable written notification by the Lender, the Lender may, in its discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Lender may make such payment or expenditure with its own funds, or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so, and all sums so expended or advanced shall be at once payable by the Borrower to the Lender upon demand and shall bear interest at the Interest Rate until paid.

2. Negative Covenants

During the period that the Loan is outstanding, the Borrower covenants and agrees that, without the prior written consent of the Lender (such consent not to be unreasonably withheld or delayed):

- 2.1 Encumbrances.** The Borrower will not incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it other than Permitted Encumbrances.
- 2.2 Sale of Assets.** The Borrower will not enter into any agreement or grant any option or other right in favour of any Person for the sale, transfer, lease or other disposition of any of its assets, provided that the Borrower may sell or otherwise dispose of (i) inventory in the ordinary course of its business and (ii) equipment which has become worn out or damaged or otherwise unsuitable on condition that the Borrower shall substitute therefor, subject to the security interest constituted by the GSA and free from prior Encumbrances, property of equal value so that the Lender's security shall not in any way be reduced or impaired.
- 2.3 Corporate Distributions.** The Borrower will not make any distribution or payment of any amount to or on behalf of any Related Parties, by way of salary, bonus, directors fees, management fees, dividends, loans or otherwise, and whether payments are made to such Persons in their capacities as shareholders, directors, officers, employees or creditors of the Borrower, or otherwise, or any other direct or indirect payment in respect of earnings or capital of the Borrower, except for wages to employees of the Borrower in the ordinary course of business and at levels of compensation paid by owners of comparable businesses and dividends and bonuses from earnings disclosed in the annual operating budget for the current fiscal year delivered to and approved by the Lender.
- 2.4 Transactions with Affiliates.** The Borrower will not sell property or services to, or purchase property or services from, or otherwise engage in any other transactions with, any Related Parties, except for transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower than could be obtained on an arm's length basis from unrelated third parties.
- 2.5 Investments and Guarantees.** The Borrower will not purchase or invest in the shares or assets of any business; acquire or create any subsidiary or affiliated entity; or lend money to or guarantee the obligations of any Person.
- 2.6 Nature of Business.** The Borrower will not materially change the nature of its business or relocate its principal operations outside of Northern Ontario.
- 2.7 Corporate Changes.** The Borrower will not liquidate or dissolve or enter into any consolidation, merger, partnership, joint venture or other combination; or enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person, whether by way of corporate reorganization, recapitalization or transfer.

2.8 Change of Control. The Borrower will not permit or suffer to exist a change in Control of the Borrower.

Schedule "F"**COMPLIANCE CERTIFICATE**

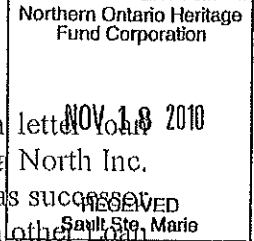
I, _____, the _____ of Niska North Inc. (the "Borrower") hereby certify as of [insert last day of fiscal quarter/fiscal year, as applicable] (the "Certification Date"):

1. I am familiar with and have examined the provisions of the loan agreement (the "Agreement") dated as of July 31, 2008 between Borrower, and Northern Ontario Grow Bonds Corporation (the "Lender"). Terms defined in the Agreement have the same meanings when used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default under the Agreement.

By: _____
Name:
Title:

AMENDMENT No. 1 to LOAN AGREEMENT

This Amendment made the 28th day of October, 2010 amends that certain letter of intent agreement dated July 31, 2008 (as amended, the "**Loan Agreement**") between Niska North Inc. (the "**Borrower**") and Northern Ontario Heritage Fund Corporation (the "**Lender**") as successor in interest to Northern Ontario Grow Bonds Corporation (the "**NOGBC**") and certain other Loan Documents. All capitalized terms used but not defined in this Amendment shall have the meanings given to the in the Loan Agreement.



RECITALS

- A. Pursuant to the Loan Agreement, NOGBC has made a term loan of \$500,000.00 (the "**Loan**") to Borrower to be applied to finance eligible capital investments for the Program;
- B. NOGBC has assigned its all of its right title and interest in the Loan and the Loan Documents to NOHFC;
- C. Borrower has advised Lender that that it is experiencing financial difficulties and has requested that Lender extend the interest only payment period contemplated by the Loan Agreement thereby deferring principal payments on the Loan; and
- D. Lender has agreed to amend the Loan Agreement on the terms and subject to the conditions set forth in this Amendment.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

1. **Extension of Blended Payment Commencement Date.** The final sentence of Section 1.5 of the Loan Agreement, is hereby amended and restated as follows:

For the purposes of this agreement "**Blended Payment Commencement Date**" means December 1, 2011.

2. **Amendment to Name of Lender.** Each reference to "Northern Ontario Grow Bonds Corporation" is hereby stricken and replaced with a reference to "Northern Ontario Heritage Fund Corporation". For greater certainty, the definition "Lender" in each of the Loan Documents is hereby amended and restated to mean Northern Ontario Heritage Fund Corporation.

3. **Address for Notices, Payments, etc.** In section 8.4 of the Loan Agreement, and in every other place in the Loan Documents in which the address of the Lender is set forth, such address is hereby stricken and replaced with the following:

Deloitte & Touche LLP
181 Bay Street, Suite 1400
Toronto, Ontario M5J 2V1

- 2 -

Attention: R.M. Graham, Associate Partner, Financial Advisory
Fax: 416-601-6690

with a copy to:

Northern Ontario Heritage Fund Corporation
Suite 200, Roberta Bondar Place,
70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
Attention: Executive Director
Fax: (705) 945-6701

4. **Representations and Warranties.** The Borrower represents and warrants to Lender that Borrower's representations and warranties contained in the Loan Agreement are true and correct as of the date of this Amendment.

5. **Conditions Precedent to Effective Date.** This Amendment shall become effective as of the date (the "Effective Date") upon which the following conditions precedent are satisfied:

(a) the Borrower shall have executed and delivered this Amendment to Lender;

(b) Lender will have executed and delivered this Amendment to Borrower;

(c) the Borrower will have delivered to the Lender a Consent of Subordinated Lender, in the form attached hereto as Schedule "A" duly executed by Kevin Lindquist;

(d) the Borrower shall have executed and delivered to Lender a registered amendment to mortgage/charge instrument SD122131, in form and substance satisfactory to the Lender, amending the name and address of the Chargee named therein to Northern Ontario Heritage Fund Corporation, Suite 200, Roberta Bondar Place, 70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8; and

(e) the Lender shall have received a registered PPSA financing change statement amending the name and address of the secured party on Ontario PPSA financing statement reference file no. 647417664 to Northern Ontario Heritage Fund Corporation, Suite 200, Roberta Bondar Place, 70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8.

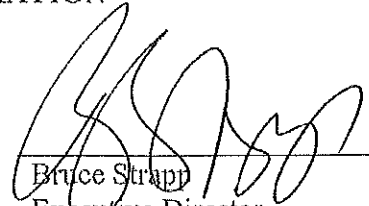
6. **General.** This Amendment may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Delivery of an executed copy of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed copy of this Amendment. This Amendment shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

This Amendment has been executed by the parties as of the date first stated above.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

By:

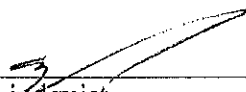


Bruce Strapp
Executive Director

I have authority to bind the Corporation.

NISKA NORTH INC.

By:



Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

SCHEDULE "A"**Consent of Subordinated Lender**

Reference is made to the Subordination Agreement (the "**Subordination Agreement**") dated as of July 31, 2008 among the undersigned and Northern Ontario Heritage Fund Corporation (the "**NOHFC**") for itself and as successor in interest to Northern Ontario Grow Bonds Corporation.

The undersigned consents to the foregoing Amendment and acknowledges, agrees and confirms that:

(i) the "**NOGBC Loan Agreement**" referred to in the Subordination Agreement shall mean the NOGBC Loan Agreement as amended by the foregoing Amendment;

(ii) NOGBC has assigned the NOGBC Loan, the NOGBC Loan Agreement and all related loan and security documents to NOHFC including all of its right, title and benefits under the Subordination Agreement and all of such rights, title and benefits shall enure to NOHFC and the obligations of the undersigned to NOHFC as successor to NOGBC under the Subordination Agreement are hereby ratified and affirmed; and

(ii) all indebtedness, liabilities and obligations of the Borrower to NOHFC under the NOHFC Loan Agreement, as so amended, including any indebtedness, liabilities and obligations arising directly or indirectly from any amendment to the terms and conditions of the Loan contemplated by the Amendment, shall be "**Senior Obligations**" for the purposes of the Subordination Agreement; and

(iii) nothing contained in the Amendments shall in any way constitute a release of, or otherwise limit any of the obligations of the undersigned under the Subordination Agreement or otherwise amend or limit the terms or provisions of the Subordination Agreement (except as contemplated above), which terms are hereby ratified and affirmed.

Dated this 9 day of November, 2010

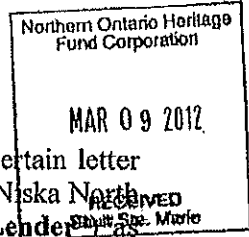
By:



KEVIN LINDQUIST

AMENDMENT No. 2 to LOAN AGREEMENT

This Amendment made as of the 1st day of December, 2011 amends that certain letter loan agreement dated July 31, 2008 (as amended, the "**Loan Agreement**") between Niska North Inc. (the "**Borrower**") and Northern Ontario Heritage Fund Corporation (the "**Lender**", as successor in interest to Northern Ontario Grow Bonds Corporation (the "**NOGBC**") and certain other Loan Documents. All capitalized terms used but not defined in this Amendment shall have the meanings given to the in the Loan Agreement.



RECITALS

- A. Pursuant to the Loan Agreement, NOGBC made a term loan of \$500,000.00 (the "**Loan**") to Borrower to be applied to finance eligible capital investments for the Program;
- B. NOGBC assigned its all of its right title and interest in the Loan and the Loan Documents to NOHFC;
- C. Borrower has advised Lender that that it is experiencing financial difficulties and has requested that Lender extend the interest only payment period contemplated by the Loan Agreement thereby deferring principal payments on the Loan; and
- D. Lender has agreed to amend the Loan Agreement on the terms and subject to the conditions set forth in this Amendment.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

1. **Extension of Blended Payment Commencement Date.** The final sentence of Section 1.5 of the Loan Agreement, is hereby amended and restated as follows:

For the purposes of this agreement "**Blended Payment Commencement Date**" means January 1, 2013.

2. **Representations and Warranties.** The Borrower represents and warrants to Lender that Borrower's representations and warranties contained in the Loan Agreement are true and correct as of the date of this Amendment.
3. **Conditions Precedent to Effective Date.** This Amendment shall become effective as of the date (the "**Effective Date**") upon which the following conditions precedent are satisfied:
 - (a) the Borrower shall have executed and delivered this Amendment to Lender;
 - (b) Lender will have executed and delivered this Amendment to Borrower; and
 - (c) the Borrower will have delivered to the Lender a Consent of Subordinated Lender, in the form attached hereto as Schedule "A" duly executed by Kevin Lindquist.

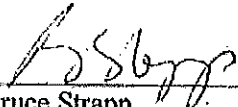
- 2 -

4. **General.** This Amendment may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Delivery of an executed copy of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed copy of this Amendment. This Amendment shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

This Amendment has been executed by the parties as of the date first stated above.

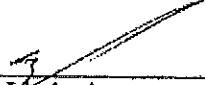
NORTHERN ONTARIO HERITAGE FUND CORPORATION

By: 

Bruce Strapp
Executive Director

I have authority to bind the Corporation.

NISKA NORTH INC.

By: 

Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

- 4 -

SCHEDULE "A"**Consent of Subordinated Lender**

Reference is made to the Subordination Agreement (the "**Subordination Agreement**") dated as of July 31, 2008 among the undersigned and Northern Ontario Heritage Fund Corporation (the "**NOHFC**") for itself and as successor in interest to Northern Ontario Grow Bonds Corporation.

The undersigned consents to the foregoing Amendment and acknowledges, agrees and confirms that:

(i) the "NOGBC Loan Agreement" referred to in the Subordination Agreement shall mean the NOGBC Loan Agreement as amended by the foregoing Amendment;

(ii) NOGBC has assigned the NOGBC Loan, the NOGBC Loan Agreement and all related loan and security documents to NOHFC including all of its right, title and benefits under the Subordination Agreement and all of such rights, title and benefits shall enure to NOHFC and the obligations of the undersigned to NOHFC as successor to NOGBC under the Subordination Agreement are hereby ratified and affirmed; and

(ii) all indebtedness, liabilities and obligations of the Borrower to NOHFC under the NOHFC Loan Agreement, as so amended, including any indebtedness, liabilities and obligations arising directly or indirectly from any amendment to the terms and conditions of the Loan contemplated by the Amendment, shall be "Senior Obligations" for the purposes of the Subordination Agreement; and

(iii) nothing contained in the Amendments shall in any way constitute a release of, or otherwise limit any of the obligations of the undersigned under the Subordination Agreement or otherwise amend or limit the terms or provisions of the Subordination Agreement (except as contemplated above), which terms are hereby ratified and affirmed.

Dated as of this 1st day of December, 2011.

By:



KEVIN LINDQUIST

AMENDMENT No. 3 to LOAN AGREEMENT

This Amendment made as of the 20th day of February, 2013 amends that certain letter loan agreement dated July 31, 2008 (as amended, the "Loan Agreement") between Niska North Inc. (the "Borrower") and Northern Ontario Heritage Fund Corporation (the "Lender") as successor in interest to Northern Ontario Grow Bonds Corporation (the "NOGBC") and certain other Loan Documents. All capitalized terms used but not defined in this Amendment shall have the meanings given to the in the Loan Agreement.

RECITALS

- A. Pursuant to the Loan Agreement, NOGBC made a term loan of \$500,000.00 (the "Loan") to Borrower to be applied to finance eligible capital investments for the Program;
- B. NOGBC assigned its all of its right title and interest in the Loan and the Loan Documents to NOHFC;
- C. Borrower has advised Lender that that it is experiencing financial difficulties and has requested that Lender extend the interest only payment period contemplated by the Loan Agreement thereby deferring principal payments on the Loan; and
- D. Lender has agreed to amend the Loan Agreement on the terms and subject to the conditions set forth in this Amendment.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

- 1. **Extension of Blended Payment Commencement Date.** The final sentence of Section 1.5 of the Loan Agreement, is hereby amended and restated as follows:

For the purposes of this agreement "Blended Payment Commencement Date" means January 1, 2014.

- 2. **Extension of Maturity Date.** The definition of "Maturity Date" as set forth in Section 12 of Schedule A to the Loan Agreement, is hereby amended and restated as follows:

"Maturity Date" means December 1, 2018.

- 3. **Representations and Warranties.** The Borrower represents and warrants to Lender that Borrower's representations and warranties contained in the Loan Agreement are true and correct as of the date of this Amendment.

- 4. **Conditions Precedent to Effective Date.** This Amendment shall become effective as of the date (the "Effective Date") upon which the following conditions precedent are satisfied:

- (a) the Borrower shall have executed and delivered this Amendment to Lender;

- 2 -

(b) Lender will have executed and delivered this Amendment to Borrower; and

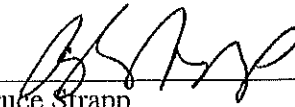
(c) the Borrower will have delivered to the Lender a Consent of Subordinated Lender, in the form attached hereto as Schedule "A" duly executed by Kevin Lindquist.

5. **General.** This Amendment may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Delivery of an executed copy of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed copy of this Amendment. This Amendment shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

This Amendment has been executed by the parties as of the date first stated above.

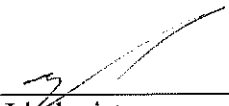
NORTHERN ONTARIO HERITAGE FUND CORPORATION

By: 

Bruce Strapp
Executive Director

I have authority to bind the Corporation.

NISKA NORTH INC.

By: 

Kevin Lindquist
Vice-President

I have authority to bind the Corporation.

SCHEDULE "A"**Consent of Subordinated Lender**

Reference is made to the Subordination Agreement (the "**Subordination Agreement**") dated as of July 31, 2008 among the undersigned and Northern Ontario Heritage Fund Corporation (the "**NOHFC**") for itself and as successor in interest to Northern Ontario Grow Bonds Corporation.

The undersigned consents to the foregoing Amendment and acknowledges, agrees and confirms that:

(i) the "NOGBC Loan Agreement" referred to in the Subordination Agreement shall mean the NOGBC Loan Agreement as amended by the foregoing Amendment;

(ii) NOGBC has assigned the NOGBC Loan, the NOGBC Loan Agreement and all related loan and security documents to NOHFC including all of its right, title and benefits under the Subordination Agreement and all of such rights, title and benefits shall enure to NOHFC and the obligations of the undersigned to NOHFC as successor to NOGBC under the Subordination Agreement are hereby ratified and affirmed; and

(ii) all indebtedness, liabilities and obligations of the Borrower to NOHFC under the NOGBC Loan Agreement, as so amended, including any indebtedness, liabilities and obligations arising directly or indirectly from any amendment to the terms and conditions of the Loan contemplated by the Amendment, shall be "Senior Obligations" for the purposes of the Subordination Agreement; and

(iii) nothing contained in the Amendments shall in any way constitute a release of, or otherwise limit any of the obligations of the undersigned under the Subordination Agreement or otherwise amend or limit the terms or provisions of the Subordination Agreement (except as contemplated above), which terms are hereby ratified and affirmed.

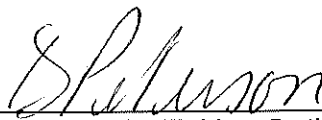
Dated as of this 20th day of February, 2013.

By:



KEVIN LINDQUIST

Exhibit " E "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

GENERAL SECURITY AGREEMENT

This Agreement is made the 31st day of July, 2008,

Between:

NISKA NORTH INC.,
a corporation existing under the laws of Canada

(the "Borrower")

- and -

NORTHERN ONTARIO HERITAGE FUND CORPORATION,
a corporation existing under the laws
of the Province of Ontario

(the "Lender")

Whereas:

- (a) pursuant to a loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time made thereto, the "**Loan Agreement**") between the Lender and the Borrower, the Lender has agreed to make a term loan to the Borrower, as more particularly set out in the Loan Agreement; and
- (b) as a condition to making the loan under the Loan Agreement, the Borrower is required to execute and deliver this Agreement to the Lender.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower agrees with the Lender as follows:

1. **Obligations Secured.** The Security Interest (as hereinafter defined) is granted to the Lender by the Borrower as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, under the Loan Agreement and/or this Agreement (collectively, the "**Obligations**").

2. **Creation of Security Interest.** As general and continuing security for the payment and performance when due of all the Obligations, the Borrower hereby mortgages, pledges, hypothecates, transfers, assigns and charges to the Lender, and hereby grants to the Lender a security interest in (such mortgages, pledges, hypothecations, transfers, assignments, charges and security interests are referred to collectively as the "**Security Interest**") all present and after-acquired undertaking and property of the Borrower of any nature whatsoever (such undertaking and property are referred to collectively as the "**Collateral**") including, without limitation, the following:

- (a) **Equipment** - all present and future equipment of the Borrower, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto ("**Equipment**");
- (b) **Inventory** - all present and future inventory of the Borrower, including all raw materials, materials used or consumed in the business of the Borrower, work-in-progress, finished goods, goods used for packing, materials used in the business of the Borrower not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("**Inventory**");
- (c) **Accounts** - all present and future debts, demands and amounts due or accruing due to the Borrower whether or not earned by performance, including without limitation its book debts, accounts receivable, and claims under policies of

- 2 -

- insurance, and all contracts, security interests and other rights and benefits in respect thereof ("**Accounts**");
- (d) **Intangibles** - all present and future intangible personal property of the Borrower, including all contract rights, goodwill, patents, trade marks, copyrights and other intellectual property, and all other choses in action of the Borrower of every kind, whether due at the present time or hereafter to become due or owing;
 - (e) **Documents of Title** - all present and future documents of title of the Borrower, whether negotiable or otherwise, including all warehouse receipts and bills of lading;
 - (f) **Chattel Paper** - all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods ("**Chattel Paper**");
 - (g) **Instruments** - all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment ("**Instruments**");
 - (h) **Money** - all present and future money of the Borrower, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency ("**Money**");
 - (i) **Securities** - all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer, and including an uncertificated security within the meaning of Part VI (Investment Securities) of the *Business Corporations Act* (Ontario) and all substitutions therefor and dividends and income derived therefrom;
 - (j) **Documents** - all books, accounts, invoices, letters, papers, documents and other records in any form or medium evidencing or relating to collateral subject to the Security Interest;
 - (k) **Fixtures** - all structures, fixtures, accessions, hereditaments and appurtenances on or relating to all real and immovable property, wherever situate; and
 - (l) **Proceeds** - all personal property in any form derived directly or indirectly from any dealing with collateral subject to the Security Interest or the proceeds therefrom, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom ("**Proceeds**").

Without limiting the generality of the description of Collateral as set out in this Section 2, and for greater certainty, the Collateral shall include all present and future personal property of the Borrower located on or about or in transit to or from the address of the Borrower set out in this Agreement and the location(s) set out in Schedule "A" attached hereto.

3. **Attachment.** The Borrower acknowledges and agrees that (i) value has been given, (ii) the Borrower has rights in the Collateral, and (iii) the Security Interest shall attach to existing Collateral upon execution of this Agreement by the Borrower and to each item of after-acquired Collateral at the time that the Borrower acquires any rights therein.

4. **Dealings with Collateral.** Until the Security Interest becomes enforceable, the Borrower may sell its Inventory and collect its Accounts in the ordinary course of its business; provided that after the Security Interest becomes enforceable, all Accounts collected by the Borrower shall be immediately remitted to the Lender. Until remitted, all Accounts received by the Borrower shall be held by the Borrower as agent and in trust for the Lender.

5. **Notification to Account Debtors.** The Lender may, after the Security Interest becomes enforceable, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

6. **Exception re Leasehold Interests and Contractual Rights.** The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Borrower agrees to stand possessed of such last day in trust for any person acquiring such interest of the Borrower. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right, licence or permit to which the Borrower is a party, the Security Interest shall not attach thereto, but the Borrower shall hold its interest therein in trust for the Lender, and the Security Interest shall attach to such agreement, right, license or permit forthwith upon obtaining the consent of the other party thereto.

7. **Representations and Warranties.** The Borrower hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) the Borrower has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by the Borrower of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) except for the Security Interest and Permitted Encumbrances (as defined in the Loan Agreement), the Collateral is owned by the Borrower free from any mortgage, lien, charge, encumbrance, pledge, security interest or other claim whatsoever;
- (d) the chief executive office of the Borrower is located at the address of the Borrower set out in Section 16 of this Agreement;
- (e) the Collateral is located at the places set forth on Schedule "A" to this Agreement and at no other place; and
- (f) the Collateral does not include any goods which are used or acquired by the Borrower primarily for personal, family or household purposes.

8. **Covenants of Borrower.** The Borrower covenants and agrees in favour of the Lender as follows:

- (a) to pay or satisfy the Obligations when due;
- (b) to keep the Collateral free and clear of all taxes, assessments, liens, mortgages, charges, claims, encumbrances and security interests whatsoever, except for the Security Interest and Permitted Encumbrances (as defined in the Loan Agreement);
- (c) not to sell, exchange, transfer, assign, lease or otherwise dispose of or deal in any way with the Collateral or any interest therein, or enter into any agreement or undertaking to do so, except as may be permitted in this Agreement or the Loan Agreement;
- (d) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein;
- (e) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement; and
- (f) to do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Lender to establish in favour of the Lender the Security Interest intended to be created hereby and to accomplish the intention of this Agreement.

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9. **Enforcement.** The Security Interest shall become enforceable immediately (i) upon the occurrence of an Event of Default as such term is defined in the Loan Agreement ("Event of Default"), or (ii) should the Borrower fail to pay or perform any of the Obligations when due after the expiration of any applicable cure periods.

10. **Remedies.** In the event that the Security Interest becomes enforceable, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between the Borrower and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of the Borrower or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a "Receiver") of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 11, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral; and
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Borrower.

11. **Powers of Receiver.** Any Receiver appointed by the Lender may be any person or persons, and the Lender may remove any Receiver so appointed and appoint another or others instead. Any Receiver appointed shall act as agent for the Lender for the purposes of taking possession of the Collateral and (except as provided below) as agent for the Borrower for all other purposes, including without limitation the occupation of any premises of the Borrower and in carrying on the Borrower's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease or otherwise dispose of Collateral as agent for the Borrower or as agent for the Lender as it may determine in its discretion. The Borrower agrees to ratify and confirm all actions of the Receiver acting as agent for the Borrower, and to release and indemnify the Receiver in respect of all such actions. Any Receiver so appointed shall have the following powers:

- (a) to enter upon, use and occupy all premises owned or occupied by the Borrower;
- (b) to take possession of the Collateral;
- (c) to carry on the business of the Borrower;
- (d) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Borrower, and in the discretion of such Receiver, to charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed;
- (e) to sell, lease or otherwise dispose of the Collateral or any part thereof on such terms and conditions and in such manner as the Receiver shall determine in its discretion;
- (f) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or

obtaining possession or payment of the Collateral, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the Accounts or any other obligation of any third party to the Borrower; and

- (g) to exercise any rights or remedies which could have been exercised by the Lender against the Borrower or the Collateral.

12. **Disposition.** In the event that the Security Interest becomes enforceable, the Lender may sell, lease or otherwise dispose of any Collateral as a whole or in separate parcels by public auction or private tender or by private contract with or without notice and with or without advertising and without any other formality, all of which are hereby expressly waived by the Borrower and any such sale, lease or disposition shall be on such terms and conditions as to credit, as to upset or reserve bid or price and otherwise as the Lender may consider commercially reasonable. In the event that any disposition is made on credit or part cash and part credit, the Lender need only credit the actual cash received at the time of disposition against the Obligations and any payments made pursuant to any credit granted at the time of the disposition shall be credited against the Obligations as and when received. The Lender may rescind, terminate or vary any contract for the sale, lease or disposition of any Collateral and may resell, relet or otherwise dispose of the Collateral without being accountable or otherwise liable for any loss occasioned thereby. Any sale, lease or other disposition of any Collateral may be made by the Lender whether or not it has taken possession of the Collateral.

13. **Failure of the Lender to Exercise Remedies.** The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes.

14. **Application of Payments.** All payments made in respect of the Obligations and all monies received by the Lender or any Receiver appointed by the Lender in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be determined in the discretion of the Lender or the Receiver, as the case may be, and the Lender may at any time apply or change any such appropriation of such payments or monies to such part or parts of the Obligations as the Lender may determine in its discretion. The Borrower shall remain liable to the Lender for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

15. **Dealings by the Lender.** The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral, the Borrower, debtors of the Borrower, guarantors and sureties of the Borrower, and others as the Lender may see fit, without prejudice to the Obligations and the rights of the Lender to hold and realize upon the Security Interest. The Lender has no obligation to keep Collateral identifiable, or to preserve rights against prior secured creditors in respect of any Collateral.

16. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "Communication") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

- (i) if to the Borrower:

Niska North Inc.
21 Cachagee Road
P.O. Box 1528
Chapleau, ON P0M 1K0
Attention: Kevin Lindquist, General Manager
Facsimile no: 705-864-0990

- (ii) if to the Lender:

Deloitte & Touche, LLP
181 Bay Street, Suite 1400

- 6 -

Toronto, ON M5J 2V1
 Attention: R. M. Graham, Associate Partner, Financial Advisory
 Fax: (416)-601-6690

With a copy to:

Northern Ontario Heritage Fund Corporation
 Suite 200, Roberta Bondar Place,
 70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
 Attention: Executive Director
 Fax: (705) 945-6701

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section. When used in this Agreement, "Business Day" shall mean a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.

17. **Power of Attorney.** The Borrower hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the Security Interest becoming enforceable, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Borrower arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Borrower whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released.

18. **Agent.** The parties agree that Deloitte & Touche, LLP or any successor appointed by the Lender may act as agent for the Lender for the purpose of monitoring compliance with the terms of this Agreement during the period that the Loan is outstanding, and assessing any proposed amendments, waivers and similar matters on behalf of the Lender.

19. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Borrower, the Obligations or the Collateral and any other present and future rights or remedies which the Lender might have with respect thereto.

20. **Lender Not Obligated to Advance.** Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to the Borrower or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

21. **Amalgamation of Borrower.** The Borrower acknowledges and agrees that in the event that it amalgamates with any other persons (which it is prohibited from doing without the prior written consent of the Lender) then the Collateral and the Security Interest shall extend to and include all like property of the amalgamated corporation and all references herein to Borrower shall extend to and include the amalgamated corporation and all references herein to Obligations shall extend to and include all of the debts, liabilities and obligations of every type and kind of the amalgamated corporation.

22. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.

23. **Waivers.** The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver

shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

24. **Assignment.** The Borrower may not assign this Agreement or any of the benefits or obligations hereunder to any Person, without the prior written consent of the Lender. The Lender will have the right at any time to assign this Agreement and any of its rights and obligations hereunder to any Person.

25. **Release and Reconveyance.** Upon payment in full of the Obligations to the Lender, the Lender shall upon receipt of a written request from the Borrower promptly release the Security Interest and reassign the Collateral to the Borrower without recourse and without representations or warranties, and the Lender shall at the request and expense of the Borrower promptly execute and deliver all such discharges, releases, reassignments and further assurances as may be reasonably required in this regard.

26. **Joint and Several.** If this Agreement has been executed by more than one debtor, their obligations hereunder shall be joint and several, and all references to the "Borrower" herein shall refer to all such debtors, as the context requires.

27. **Number, Gender and Persons.** Unless the context otherwise requires, words importing the singular in number only shall include the plural and *vice versa*, words importing the use of gender shall include the masculine, feminine and neuter genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities.

28. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Agreement is declared to be separate, severable and distinct.

29. **Successors and Assigns.** This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon the Borrower and its legal representatives, heirs, executors, administrators, successors and permitted assigns.

30. **Time.** Time shall be of the essence of this Agreement.

31. **Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and the Borrower undertakes to provide the Lender with a copy of this Agreement bearing original signatures forthwith upon demand.

32. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

33. **Entire Agreement.** This Agreement, the Loan Agreement and any other documents delivered pursuant hereto and thereto including any schedules attached hereto and thereto constitutes the entire agreement between the Borrower and the Lender relating to the subject-matter hereof and supersede all prior agreements, representations, warranties, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

34. **Expenses.** The Borrower shall pay forthwith upon demand to the Lender all expenses, including the reasonable fees, disbursements and other charges of its counsel (on a solicitor and his own client's basis), experts or agents which the Lender may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (ii) the exercise, enforcement or protection of any of the rights of the Lender hereunder, or (iii) the failure of the Borrower to perform or observe any of the provisions hereof.

- 8 -

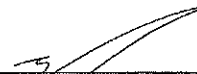
35. **Further Assurances.** The Borrower shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by the Lender or its counsel as may be necessary or desirable to complete the transactions contemplated by this Agreement and carry out its provisions and intention.

36. **Copy of Agreement.** The Borrower acknowledges receipt of an executed copy of this Agreement.

This Agreement has been executed by the Borrower on the date first stated above.

NISKA NORTH INC.

By: _____



Kevin Lindquist
Vice-President

I have the authority to bind the corporation.

Schedule "A"**Locations of Collateral**

1. 21 Cachagee Road, Chapleau, Ontario.
 2. 303 Martel Road, Chapleau, Ontario
-

Exhibit " F "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

LRO # 53 Charge/Mortgage

Received as SD122128 on 2008 08 08 at 13:14

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

Properties

PIN 73092 - 0307 LT Interest/Estate Fee Simple
 Description PT LT 5 CON 1 PANET BEING PTS 1 & 2 53R18530; T/W EASEMENT OVER PT LT 5
 CON 1, PT 2 53R18237 AS IN SD90495; CHAPLEAU
 Address CHAPLEAU

PIN 73092 - 0308 LT Interest/Estate Fee Simple
 Description PT LT 6 & 7 CON 1 PANET BEING PT LOCATION RY111, PTS 1, 2 & 3 53R8919
 EXCEPT PT 9 53R18529; T/W EASEMENT OVER PT LT 5 CON 1, PT 2 53R18237 AS
 IN SD90495; CHAPLEAU
 Address 303 MARTEL ROAD
 CHAPLEAU

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name NISKA NORTH INC.
 Address for Service P.O. Box 69
 21 Cachagee Road
 Chapleau, Ontario
 POM 1K0

I, Kevin Lindquist, Vice-President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name NORTHERN ONTARIO HERITAGE FUND CORPORATION
 Address for Service Suite 200, Robert Bondar Place
 70 Foster Drive
 Sault St. Marie, Ontario
 P6A 6V8
 Attention: General Manager

Statements

Schedule: See Schedules

Provisions

Principal \$ 1,000,000.00 Currency CDN
 Calculation Period monthly, not in advance
 Balance Due Date See Schedule
 Interest Rate 7.5%
 Payments
 Interest Adjustment Date
 Payment Date 1st day of each month
 First Payment Date
 Last Payment Date
 Standard Charge Terms 200033
 Insurance Amount full insurable value
 Guarantor

ADDITIONAL PROVISIONS

This Charge is granted and taken as continuing security for the payment of all present and future indebtedness and liabilities of the Chargor to the Chargee, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Chargor to the Chargee, whether direct or indirect, contingent or absolute, matured or not; and without limiting the generality of the foregoing, specifically including the obligations of the Chargor under the latter loan agreement dated as of July 31, 2008 (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time made thereto, the "Loan Agreement") between the Chargee, as lender, and the Chargor, as borrower (collectively, the "Obligations")

The Chargor and Chargee hereby expressly agree as follows:

- (a) The provisions of the Loan Agreement shall survive the execution and registration of this Charge and any other security which may be furnished by the Chargor, and there shall be no merger of the provisions of the Loan Agreement in these presents or any other security granted or to be granted by the Chargor; and
- (b) The provisions of the Loan Agreement insofar as the same are to be performed by the Chargor, shall be deemed to be specifically and severally incorporated in this Charge, so that any default by the Chargor of any of the provisions contained in the Loan Agreement shall constitute a default under this Charge.

PROVIDED THIS CHARGE/MORTGAGE SHALL BE DISCHARGED upon payment of the ultimate balance of all Obligations at any time owing by the Chargor to the Chargee or remaining unpaid by the Chargor to the Chargee heretofore or hereafter incurred or arising from the Obligations, together with interest thereon at 7.50% plus the rate of the published prime lending rate used by Royal Bank of Canada as a basis of calculating interest on loans in Canadian funds charged from time to time by such bank during the currency of this Charge, such interest calculated annually, not in advance as well after as before maturity and both before and after default and all other amounts payable by the Chargor hereunder.

Notwithstanding the interest rate set out above, the parties agree that they may, from time to time, specify another interest rate(s) to be applicable to any or all of the Obligations.

For the purposes of the *Interest Act* (Canada) and disclosure under such act, the parties acknowledge that the Interest Rate referred to herein, calculated and compounded monthly, not in advance, is equivalent to a rate of interest of 7.61817% per annum, calculated and compounded half-yearly, not in advance.

PREPAYMENT

The Chargor may prepay in whole at any time or in part from time to time, without penalty, the principal balance of the Loan, together with any accrued and unpaid interest, upon at least five (5) business Days' notice. Prepayments of principal will be credited against principal payable hereunder in inverse order of maturity.

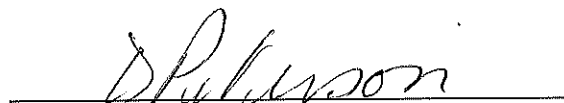
INCLUSIONS IN CHARGE

By signing this Charge, the Chargor charges the land described herein, including all appurtenances, buildings, fixtures and erections and improvements fixed or otherwise now thereon or hereafter put thereon including but without limiting the generality of the foregoing, all fences, heating, plumbing, air-conditioning, ventilating, lighting and water heating equipment and refrigeration equipment as security for the repayment by the Chargor to the Chargee of the principal amount specified on page 1 hereof and all other amounts payable hereunder.

SALE OR OTHER DEALING WITH CHARGED PROPERTY

It is hereby agreed that no sale or other dealings by the Chargor with the mortgaged land or any part thereof shall in any way change the liability of the Chargor hereunder or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

Exhibit " 6 "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

ASSIGNMENT OF LIFE INSURANCE

This Agreement dated as of the 31st day of July, 2008

Among:

KEVIN LINDQUIST,
of the Town of Chapleau,
in the Province of Ontario,

(the "Insured")

- and -

NISKA NORTH INC.,
a corporation existing under the laws of Canada
(the "Borrower")

- and -

NORTHERN ONTARIO HERITAGE FUND CORPORATION,
a corporation existing under the laws
of the Province of Ontario, as Collateral Agent for the Lenders and as a
Lender

("NOHFC")

- and -

NORTHERN ONTARIO GROW BONDS CORPORATION,
a corporation existing under the laws
of the Province of Ontario

("NOGBC")

Whereas:

- (a) pursuant to a letter loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time made thereto, the "NOHFC Loan Agreement") between NOHFC and the Borrower, NOHFC has agreed to make a term loan to the Borrower, as more particularly set out in the Loan Agreement;
- (b) pursuant to a letter loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time made thereto, the "NOGBC Loan Agreement" and together with the NOHFC Loan Agreement, the "Loan Agreements") between NOGBC and the Borrower, NOGBC has agreed to make a term loan to the Borrower, as more particularly set out in the Loan Agreement; and
- (c) as a condition to making the loans under the Loan Agreements, the Borrower and the Insured are required to execute and deliver this Agreement to NOHFC and NOGBC (collectively, the "Lenders").

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower agrees with the Lender as follows:

- 2 -

1. **Obligations Secured.** The Security Interest (as hereinafter defined) is granted to NOHFC, as Collateral Agent for the benefit of the Lenders by the Borrower as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to each of the Lenders, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to each Lender, whether direct or indirect, contingent or absolute, under the Loan Agreements and/or this Agreement (collectively, the "Obligations").

2. **Maintenance of Policies.** The Borrower and the Insured undertake and agree to maintain in force until payment in full of the Obligations certain policies of insurance (the "Policies") on the life of the Insured issued by **Manufacturers Life Insurance Company**, policy number 8223378, in the sum of \$1,000,000.00 (the "Insured Amount").

3. **Creation of Security Interest.** As general and continuing security for the payment and performance when due of all the Obligations, the Borrower assigns to the Collateral Agent for the benefit of the Lenders, and hereby grants to the Collateral Agent for the benefit of the Lenders a security interest in (the "Security Interest") the Policies, together with all claims (of the Borrower, of the Insured and of the beneficiaries and of all other persons, if any, having an interest therein) to and in such Policies and in respect of monies payable thereunder, together with all monies otherwise held in connection with or for the purposes of such Policies, including all premiums paid in advance and any interest thereon (the Policies and all such claims, monies, premiums and interest collectively referred to as the "Collateral"). The Borrower and the Insured hereby represent that the Collateral has not been assigned to any other party.

4. **Continuing Security.** The Security Interest shall be general and continuing collateral security for the due payment and performance of the Obligations as and when the same become due and payable.

5. **Replacement of Policies.** The Policies, whether the property of the Borrower or of the Insured, may at the request of the Borrower or the Insured, as the case may be, with the consent of the Collateral Agent and the Lenders, be replaced by another policy or policies of insurance on the life of the Insured, issued by an insurer approved by the Collateral Agent and the Lenders, provided that the amount of insurance on the life of the Insured shall not be less than the Insured Amount. In case the Collateral Agent and the Lenders shall accept any policy in substitution for any policy previously assigned, such substituted policy (which shall be deemed to be one of the Policies) and the assignment thereof to the Collateral Agent for the benefit of the Lenders shall be governed by all of the provisions hereof.

6. **Payment of Premiums.** The Borrower and the Insured shall cause the premiums to be paid on any such Policies on or before the due date (prior to the period of days of grace) for the payment thereof, and shall produce to the Collateral Agent or its nominee proof of such payment within thirty days following such due date and shall observe all the conditions of such Policies. Neither the Borrower nor the Insured shall have any right to any automatic premium or loan on any such Policies nor the right to exercise any option, privilege or other power available in respect thereof.

7. **Lender May Pay.** Should the Borrower and the Insured fail to pay any such premium, the any Lender, should it so elect, may pay the same and the amount of any premium which the Lender may so pay shall constitute indebtedness of the Borrower to the Lender payable on demand, with interest from the date of expenditure at the same rate as that payable on the loan made by such Lender. The Lenders shall not be obligated to pay any such premium and shall not be liable for any loss which may be occasioned by failure to do so.

8. **Lender's Rights to Proceeds.** Should the said Policies become a claim, the Collateral Agent shall have the right to receive the net cash proceeds, for the benefit of the Lenders, and shall pay over such amounts to the Lenders in accordance with Section 24 hereof. The Lenders shall apply the same in payment of the loans made under their respective Loan Agreements and any balance remaining shall be paid to the person or persons who would have been entitled to such proceeds if such Policies had not been assigned.

9. **Insurer Not Bound to Inquire.** The insurer or insurers which issued the Policies shall not, nor shall any other person, be bound to inquire into the state of the account of the

- 3 -

Borrower, to determine whether an Event of Default (as defined in the Loan Agreements), or any other event referred to herein, has occurred or to see to the application of any moneys, dividends, bonuses and profits paid to or received by the Collateral Agent, for the benefit of the Lenders in respect of Collateral.

10. **Acknowledgement by Insurer.** Promptly after the execution and delivery of this Agreement, the Borrower and the Insured undertake to obtain the acknowledgment of the insurer or insurers which issued the Policies, substantially in the form of the acknowledgement attached as Schedule "A" hereto, and to deliver same to the Lender.

11. **Remedies.** If an Event of Default (as defined in either Loan Agreement) shall occur, the Collateral Agent may surrender the said Policies and shall pay over the amount of the then cash value of the policies, if any, so surrendered, or any part thereof, as and when received from the Insurer, to the Lenders in accordance with Section 24 hereof and any balance remaining will be paid to the person or persons who would have been entitled to cash surrender value if such Policies had not been assigned.

12. **Exercise or Failure to Exercise Remedies.** The Borrower and the Insured hereby covenant and agree that the neither the Collateral Agent or any Lender shall not be responsible for any loss which may be occasioned by the exercise by the Collateral Agent or any Lender of or the failure of the Collateral Agent or any Lender to exercise any powers contained in this Agreement.

13. **Power of Attorney.** The Borrower hereby constitutes and appoints the Collateral Agent or any officer thereof as its true and lawful attorney, effective upon the death of the Insured or the occurrence of an Event of Default (as defined in either Loan Agreement), with full power of substitution, to endorse, assign and transfer to the Collateral Agent, for the benefit of the Lenders, the said policies in accordance with the terms hereof and any right, title, interest and benefit in and to same of the Borrower, and to sign, execute and deliver any document necessary to enable the Collateral Agent to obtain the monies payable thereunder in order that the full title to the same may be vested in the Collateral Agent. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released.

14. **Dealings by the Lender.** The Collateral Agent or any Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral, the Borrower, debtors of the Borrower, guarantors and sureties of the Borrower, and others as the Collateral Agent or such Lender may see fit, without prejudice to the Obligations and the rights of the Collateral Agent to hold and realize upon the Security Interest for the benefit of the Lenders. The Collateral Agent and the Lenders have no obligation to preserve rights against prior secured creditors in respect of any Collateral.

15. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "Communication") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

(a) if to the Borrower or the Insured:

Niska North Inc.
21 Cachagee Road, Box 1528
Chapleau, ON P0M 1K0
Attn: Mr. Kevin Lindquist
Fax: (705)-864-0990

(b) if to the Collateral Agent or the Lenders:

Deloitte & Touche, LLP
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1
Attention: R. M. Graham, Associate Partner, Financial Advisory
Fax: (416)-601-6690

- 4 -

With a copy to:

Northern Ontario Heritage Fund Corporation
Suite 200, Roberta Bondar Place,
70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
Attention: Executive Director
Fax: (705) 945-6701

And with a copy to:

Northern Ontario Grow Bonds Corporation
159 Cedar Street, Suite 601
Sudbury, Ontario P3E 6A5
Attention: Sharon Tansley
Fax: (705) 564-7220

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section. When used in this Agreement, "Business Day" shall mean a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.

16. **Agent.** The parties agree that Deloitte & Touche, LLP or any successor appointed by the Collateral Agent or the Lenders may act as agent for the Collateral Agent and the Lenders for the purpose of monitoring compliance with the terms of this Agreement during the period that the Loan is outstanding, and assessing any proposed amendments, waivers and similar matters on behalf of the Collateral Agent and the Lenders.

17. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Collateral Agent and the Lenders in respect of the Borrower or the Obligations and any other present and future rights or remedies which the Lender might have with respect thereto.

18. **Lender Not Obligated to Advance.** Nothing in this Agreement shall obligate the Collateral Agent or the Lenders to make any loan or accommodation to the Borrower or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

19. **Amalgamation of Borrower.** The Borrower acknowledges and agrees that in the event that it amalgamates with any other persons (which it is prohibited from doing without the prior written consent of the Lender) then the Collateral and the Security Interest shall extend to and include all like property of the amalgamated corporation and all references herein to Borrower shall extend to and include the amalgamated corporation and all references herein to Obligations shall extend to and include all of the debts, liabilities and obligations of every type and kind of the amalgamated corporation.

20. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.

21. **Waivers.** Neither the Collateral Agent or any Lender shall, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the

- 5 -

Collateral Agent or such Lender, as applicable. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Collateral Agent or any Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Collateral Agent or such Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

22. **Assignment.** Neither the Borrower nor the Insured may assign this Agreement or any of its benefits or obligations hereunder to any Person, without the prior written consent of the Collateral Agent and the Lenders. The Collateral Agent and the Lenders will have the right at any time to assign this Agreement and any of its rights and obligations hereunder to any Person.

23. **Release and Reconveyance.** Upon payment in full of the Obligations to the Lenders, the Collateral Agent on behalf of the Lenders shall upon receipt of a written request from the Borrower release the Security Interest and reassign the Collateral to the Borrower without recourse and without representations or warranties, and the Collateral Agent and the Lenders shall at the request and expense of the Borrower execute and deliver all such discharges, releases, reassignments and further assurances as may be reasonably required in this regard.

24. **Collateral Agent.** Each Lender hereby appoints and authorizes NOHFC to act as its agent (NOHFC, when acting in such capacity, the "Collateral Agent") for the purposes of (i) holding the Collateral assigned, and the security interest granted, hereby for the benefit of the Lenders and (ii) exercising its rights and powers under this Agreement, including for the purpose of collection payments due to such Lender hereunder. This appointment and authorization is solely for the purposes set forth above and does not constitute an appointment of the Collateral Agent as a representative of any Lender for any other purpose. The Collateral Agent and Lenders agree that any amounts collected hereunder by the Collateral Agent shall be held in trust for the Lenders and shall be promptly paid out by the Collateral Agent in the following manner:

(a) first, to the Collateral Agent for any costs and expenses incurred in enforcing this Agreement or in collecting amounts owing hereunder;

(b) second, in equal amounts to each Lender until the Obligations owing to either Lender have been repaid in full;

(c) third, to the other remaining Lender until the Obligations owing to such remaining Lender have been paid in full; and

(d) fourth, any balance remaining will be paid to the person or persons who would have been entitled to cash surrender value if such Policies had not been assigned

25. **Joint and Several.** If this Agreement has been executed by more than one debtor, their obligations hereunder shall be joint and several, and all references to the "Borrower" herein shall refer to all such debtors, as the context requires.

26. **Number, Gender and Persons.** Unless the context otherwise requires, words importing the singular in number only shall include the plural and *vice versa*, words importing the use of gender shall include the masculine, feminine and neuter genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities.

27. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Agreement is declared to be separate, severable and distinct.


28. **Successors and Assigns.** This Agreement shall enure to the benefit of the Collateral Agent, the Lenders and their respective successors and assigns, and shall be binding upon the Borrower and the Insured and their respective legal representatives, heirs, executors, administrators, successors and permitted assigns.

29. **Time.** Time shall be of the essence of this Agreement.


30. **Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and the Borrower undertakes to provide the Collateral Agent and the Lenders with a copy of this Agreement bearing original signatures forthwith upon demand.
31. **Execution in Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the effective date set forth above.
32. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
33. **Entire Agreement.** This Agreement, the Loan Agreements and any other documents delivered pursuant hereto and thereto including any schedules attached hereto and thereto constitutes the entire agreement between the Borrower, the Insured and the Collateral Agent and the Lenders relating to the subject-matter hereof and supersede all prior agreements, representations, warranties, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.
34. **Expenses.** The Borrower shall pay forthwith upon demand to the Collateral Agent and the Lenders all expenses, including the reasonable fees, disbursements and other charges of its counsel (on a solicitor and his own client's basis), experts or agents which the Collateral Agent or any Lender may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (ii) the exercise, enforcement or protection of any of the rights of the Collateral Agent or any Lender hereunder, or (iii) the failure of the Borrower or the Insured to perform or observe any of the provisions hereof.
35. **Further Assurances.** The Borrower shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by the Lender or its counsel as may be necessary or desirable to complete the transactions contemplated by this Agreement and carry out its provisions and intention.
36. **Copy of Agreement.** The Borrower acknowledges receipt of an executed copy of this Agreement.

[Signature Page Follows]


In Witness Whereof the Insured, the Borrower, the Collateral Agent and the Lenders have executed this Agreement.



Witness



KEVIN LINDQUIST

NISKA NORTH INC.
Per: 

Kevin Lindquist
Vice-President

I have the authority to bind the Corporation.

**NORTHERN ONTARIO HERITAGE
FUND CORPORATION, as Collateral
Agent for the Lenders and as a Lender**

Per: _____
Aime J. Dimatteo
Executive Director

I have the authority to bind the Corporation.

**NORTHERN ONTARIO GROW
BONDS CORPORATION, as a Lender**

Per: _____
Sharon Tansley
General Manager

I have the authority to bind the Corporation.

7

In Witness Whereof the Insured, the Borrower, the Collateral Agent and the Lenders have executed this Agreement.

Witness)
)
)

KEVIN LINDQUIST

NISKA NORTH INC.

Per: _____
Kevin Lindquist
Vice-President

I have the authority to bind the Corporation.

**NORTHERN ONTARIO HERITAGE
FUND CORPORATION, as Collateral
Agent for the Lenders and as a Lender**

Per: _____
Aime J. Dimatteo
Executive Director

I have the authority to bind the Corporation.

**NORTHERN ONTARIO GROW
BONDS CORPORATION, as a Lender**

Per: Sharon Tansley
Sharon Tansley
General Manager

I have the authority to bind the Corporation.

In Witness Whereof the Insured, the Borrower, the Collateral Agent and the Lenders have executed this Agreement.

Witness)
)
)

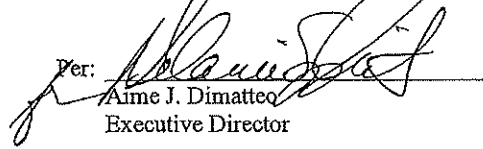
KEVIN LINDQUIST

NISKA NORTH INC.

Per: _____
Kevin Lindquist
Vice-President

I have the authority to bind the Corporation.

**NORTHERN ONTARIO HERITAGE
FUND CORPORATION, as Collateral
Agent for the Lenders and as a Lender**

Per: 
Aime J. Dimatteo
Executive Director

I have the authority to bind the Corporation.

**NORTHERN ONTARIO GROW
BONDS CORPORATION, as a Lender**

Per: _____
Sharon Tansley
General Manager

I have the authority to bind the Corporation.

*see attached***ACKNOWLEDGMENT BY INSURER**

1. Manufacturers Life Insurance Company (the "Insurer") acknowledges that the insurance policy on the life of Kevin Lindquist, dated 8223378, for the sum of \$1,000,000.00 issued by the Insurer (the "Policy") and all of the right, title and interest of the insured and the beneficiary thereunder have been assigned to Northern Ontario Heritage Fund Corporation as collateral agent (in such capacity, the "Collateral Agent") for Northern Ontario Heritage Fund Corporation and for the Northern Ontario Grow Bonds Corporation (collectively, the "Lenders").
2. The Insurer confirms that:
 - (a) Niska North Inc. is the only owner named in the Policy;
 - (b) Niska North Inc. is the only beneficiary named in the Policy;
 - (c) the Insurer has not received notice of (i) any assignments or transfers of, or security interests in, the interests of the insured or the beneficiary named in the Policy or (ii) any right, title or interest of any person in or under the Policy, other than the assignment to the Collateral Agent referred to above; and
 - (d) the Insurer has satisfied itself as to every aspect of the Policy prior to issuing same.
3. The Insurer confirms that it has recorded the assignment to the Collateral Agent, for the benefit of the Lenders, in its records.
4. Notwithstanding any breach of a representation, warranty or covenant or foul play by the insured, the beneficiary or any other party having an insurable interest covered by the Policy (other than the Collateral Agent or the Lenders), the Insurer agrees that the Collateral Agent, as agent for the Lenders and as assignee of the Policy, will be entitled to full payment of any and all moneys, dividends, bonuses and profits which would otherwise be payable under the Policy but for such breach or foul play, provided that the Collateral Agent and the Lenders were not a party to such breach or foul play.
5. The assignment and the rights of the Collateral Agent for the benefit of the Lenders in the Policy shall continue until the Insurer receives notice in writing of the termination thereof from the Collateral Agent on behalf of the Lenders.

Dated this _____ day of _____, 200__.

**MANUFACTURERS LIFE INSURANCE
COMPANY**

Per: _____
Name:
Title:

Manulife Financial Collateral assignment

FOR USE OUTSIDE
QUEBEC ONLY

In Quebec, use form NN1542E, *Hypothecation of rights under an insurance contract.*

Please send to:
Manulife Financial
Individual Insurance
500 King Street North
PO BOX 1889
WATERLOO ON N2J 4Z6

This document may not adequately reflect the intentions of the parties. We strongly advise that you seek the advice of your own legal advisor before completing this form.
 • We, us and our refer to The Manufacturers Life Insurance Company and Manulife Canada Ltd.
 • You and you/ refers to the policy owner.
 • If you have any questions please call our Customer Service Centre at 1-888-628-8513.
 • Please return the signed original of this form to Manulife Financial.

OWNER'S
NAME
ADDRESS

NISKA NORTH INC
303 MARTEL RD
BOX 69
CHAPLEAU, ON P0M 1K0

For return mail,
Please print owner's name and address.

1 General information An insured person is a person whose life is insured under the policy or any rider. For annuity investment contracts, the insured person is the annuitant.	Policy number(s) 9223378	Name of insured person/annuitant (first, middle initial, last) KEVIN LINDQUIST	Adholder's code 958329 076089
	Branch code 11310	Insured's name ANTHONY PUGGI	
2 Assignment of rights By signing below, in exchange for value received, I transfer and assign the above policy(ies) by way of security for all present and future indebtedness to:	Name of creditor (please print) NORTHERN ONTARIO HERITAGE FUND CORPORATION		
	Address 70 FOSTER DRIVE, SAULT STE MARIE, ON P6A 6U8		Postal code P6A 6U8
	Signed at (location) CHAPLEAU		Date (dd/mm/yyyy) 17 Aug 2008
You and any irrevocable or preferred beneficiary under the Policy acknowledge that you have both read this form, including section 2, and confirm that you understand and agree to assume the consequences of completing this form by signing below.			
3 Signatures If the current owner is a corporation, we require the signatures and titles of two signing officers, or the signature and title of one signing officer and the corporate seal. The current beneficiary must sign the form to agree to the collateral assignment if he or she is an irrevocable beneficiary or a preferred beneficiary.	Signature of policy owner (and title, if applicable) X <i>[Signature]</i>	Name of policy owner Vice President KEVIN LINDQUIST	
	Signature of witness X <i>[Signature]</i>		
	Signature of policy owner (and title, if applicable) X <i>[Signature]</i>	Name of policy owner President WADE CACHAGEE	
	Signature of witness X		
	Signature of irrevocable or preferred beneficiary, if applicable X	Name of irrevocable or preferred beneficiary	
	Signature of witness X		

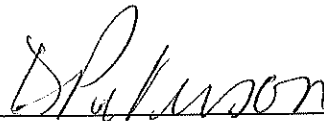
ENTERED AND FILED IN OUR RECORDS
 MANULIFE FINANCIAL
 AUG 19 2008
 WITHOUT ASSUMING RESPONSIBILITY
 FOR ITS VALIDITY OR SUFFICIENCY
 K.V.

The Manufacturers Life Insurance Company
 Manulife Canada Ltd.

NN0504E (03/007)

TOTAL P.03

Exhibit "H"
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

GENERAL SECURITY AGREEMENT

This Agreement is made the 31st day of July, 2008,

Between:

NISKA NORTH INC.,
a corporation existing under the laws of Canada

(the "Borrower")

- and -

NORTHERN ONTARIO GROW BONDS CORPORATION,
a corporation existing under the laws
of the Province of Ontario

(the "Lender")

Whereas:

- (a) pursuant to a loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time made thereto, the "Loan Agreement") between the Lender and the Borrower, the Lender has agreed to make a term loan to the Borrower, as more particularly set out in the Loan Agreement; and
- (b) as a condition to making the loan under the Loan Agreement, the Borrower is required to execute and deliver this Agreement to the Lender.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower agrees with the Lender as follows:

1. **Obligations Secured.** The Security Interest (as hereinafter defined) is granted to the Lender by the Borrower as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, under the Loan Agreement and/or this Agreement (collectively, the "Obligations").

2. **Creation of Security Interest.** As general and continuing security for the payment and performance when due of all the Obligations, the Borrower hereby mortgages, pledges, hypothecates, transfers, assigns and charges to the Lender, and hereby grants to the Lender a security interest in (such mortgages, pledges, hypothecations, transfers, assignments, charges and security interests are referred to collectively as the "Security Interest") all present and after-acquired undertaking and property of the Borrower of any nature whatsoever (such undertaking and property are referred to collectively as the "Collateral") including, without limitation, the following:

- 2 -

- (a) *Equipment* - all present and future equipment of the Borrower, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto ("**Equipment**");
- (b) *Inventory* - all present and future inventory of the Borrower, including all raw materials, materials used or consumed in the business of the Borrower, work-in-progress, finished goods, goods used for packing, materials used in the business of the Borrower not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("**Inventory**");
- (c) *Accounts* - all present and future debts, demands and amounts due or accruing due to the Borrower whether or not earned by performance, including without limitation its book debts, accounts receivable, and claims under policies of insurance, and all contracts, security interests and other rights and benefits in respect thereof ("**Accounts**");
- (d) *Intangibles* - all present and future intangible personal property of the Borrower, including all contract rights, goodwill, patents, trade marks, copyrights and other intellectual property, and all other choses in action of the Borrower of every kind, whether due at the present time or hereafter to become due or owing;
- (e) *Documents of Title* - all present and future documents of title of the Borrower, whether negotiable or otherwise, including all warehouse receipts and bills of lading;
- (f) *Chattel Paper* - all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods ("**Chattel Paper**");
- (g) *Instruments* - all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment ("**Instruments**");
- (h) *Money* - all present and future money of the Borrower, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency ("**Money**");
- (i) *Securities* - all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer, and including an uncertificated security within the meaning of Part VI (Investment

- 3 -

Securities) of the *Business Corporations Act* (Ontario) and all substitutions therefor and dividends and income derived therefrom;

- (j) **Documents** - all books, accounts, invoices, letters, papers, documents and other records in any form or medium evidencing or relating to collateral subject to the Security Interest;
- (k) **Fixtures** - all structures, fixtures, accessions, hereditaments and appurtenances on or relating to all real and immovable property, wherever situate; and
- (l) **Proceeds** - all personal property in any form derived directly or indirectly from any dealing with collateral subject to the Security Interest or the proceeds therefrom, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom ("**Proceeds**").

Without limiting the generality of the description of Collateral as set out in this Section 2, and for greater certainty, the Collateral shall include all present and future personal property of the Borrower located on or about or in transit to or from the address of the Borrower set out in this Agreement and the location(s) set out in Schedule "A" attached hereto.

3. **Attachment.** The Borrower acknowledges and agrees that (i) value has been given, (ii) the Borrower has rights in the Collateral, and (iii) the Security Interest shall attach to existing Collateral upon execution of this Agreement by the Borrower and to each item of after-acquired Collateral at the time that the Borrower acquires any rights therein.

4. **Dealings with Collateral.** Until the Security Interest becomes enforceable, the Borrower may sell its Inventory and collect its Accounts in the ordinary course of its business; provided that after the Security Interest becomes enforceable, all Accounts collected by the Borrower shall be immediately remitted to the Lender. Until remitted, all Accounts received by the Borrower shall be held by the Borrower as agent and in trust for the Lender.

5. **Notification to Account Debtors.** The Lender may, after the Security Interest becomes enforceable, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

6. **Exception re Leasehold Interests and Contractual Rights.** The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Borrower agrees to stand possessed of such last day in trust for any person acquiring such interest of the Borrower. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right, licence or permit to which the Borrower is a party, the Security Interest shall not attach thereto, but the Borrower shall hold its interest therein in trust for the Lender, and the Security Interest shall attach to such agreement, right, license or permit forthwith upon obtaining the consent of the other party thereto.

7. **Representations and Warranties.** The Borrower hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- 4 -

- (a) the Borrower has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by the Borrower of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) except for the Security Interest and Permitted Encumbrances (as defined in the Loan Agreement), the Collateral is owned by the Borrower free from any mortgage, lien, charge, encumbrance, pledge, security interest or other claim whatsoever;
- (d) the chief executive office of the Borrower is located at the address of the Borrower set out in Section 16 of this Agreement;
- (e) the Collateral is located at the places set forth on Schedule "A" to this Agreement and at no other place; and
- (f) the Collateral does not include any goods which are used or acquired by the Borrower primarily for personal, family or household purposes.

8. **Covenants of Borrower.** The Borrower covenants and agrees in favour of the Lender as follows:

- (a) to pay or satisfy the Obligations when due;
- (b) to keep the Collateral free and clear of all taxes, assessments, liens, mortgages, charges, claims, encumbrances and security interests whatsoever, except for the Security Interest and Permitted Encumbrances (as defined in the Loan Agreement);
- (c) not to sell, exchange, transfer, assign, lease or otherwise dispose of or deal in any way with the Collateral or any interest therein, or enter into any agreement or undertaking to do so, except as may be permitted in this Agreement or the Loan Agreement;
- (d) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein;
- (e) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement; and
- (f) to do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Lender to establish in favour of the Lender the Security Interest intended to be created hereby and to accomplish the intention of this Agreement.

- 5 -

9. **Enforcement.** The Security Interest shall become enforceable immediately (i) upon the occurrence of an Event of Default as such term is defined in the Loan Agreement ("Event of Default"), or (ii) should the Borrower fail to pay or perform any of the Obligations when due after the expiration of any applicable cure periods.

10. **Remedies.** In the event that the Security Interest becomes enforceable, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between the Borrower and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of the Borrower or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a "Receiver") of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 11, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral; and
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Borrower.

11. **Powers of Receiver.** Any Receiver appointed by the Lender may be any person or persons, and the Lender may remove any Receiver so appointed and appoint another or others instead. Any Receiver appointed shall act as agent for the Lender for the purposes of taking possession of the Collateral and (except as provided below) as agent for the Borrower for all other purposes, including without limitation the occupation of any premises of the Borrower and in carrying on the Borrower's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease or otherwise dispose of Collateral as agent for the Borrower or as agent for the Lender as it may determine in its discretion. The Borrower agrees to ratify and confirm all actions of the Receiver acting as agent for the Borrower, and to release and indemnify the Receiver in respect of all such actions. Any Receiver so appointed shall have the following powers:

- (a) to enter upon, use and occupy all premises owned or occupied by the Borrower;

- 6 -

- (b) to take possession of the Collateral;
- (c) to carry on the business of the Borrower;
- (d) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Borrower, and in the discretion of such Receiver, to charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed;
- (e) to sell, lease or otherwise dispose of the Collateral or any part thereof on such terms and conditions and in such manner as the Receiver shall determine in its discretion;
- (f) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the Accounts or any other obligation of any third party to the Borrower; and
- (g) to exercise any rights or remedies which could have been exercised by the Lender against the Borrower or the Collateral.

12. **Disposition.** In the event that the Security Interest becomes enforceable, the Lender may sell, lease or otherwise dispose of any Collateral as a whole or in separate parcels by public auction or private tender or by private contract with or without notice and with or without advertising and without any other formality, all of which are hereby expressly waived by the Borrower and any such sale, lease or disposition shall be on such terms and conditions as to credit, as to upset or reserve bid or price and otherwise as the Lender may consider commercially reasonable. In the event that any disposition is made on credit or part cash and part credit, the Lender need only credit the actual cash received at the time of disposition against the Obligations and any payments made pursuant to any credit granted at the time of the disposition shall be credited against the Obligations as and when received. The Lender may rescind, terminate or vary any contract for the sale, lease or disposition of any Collateral and may resell, relet or otherwise redispense of the Collateral without being accountable or otherwise liable for any loss occasioned thereby. Any sale, lease or other disposition of any Collateral may be made by the Lender whether or not it has taken possession of the Collateral.

13. **Failure of the Lender to Exercise Remedies.** The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes.

14. **Application of Payments.** All payments made in respect of the Obligations and all monies received by the Lender or any Receiver appointed by the Lender in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be determined in the discretion of the Lender or the Receiver, as the case may be, and the Lender may at any time apply or change

- 7 -

any such appropriation of such payments or monies to such part or parts of the Obligations as the Lender may determine in its discretion. The Borrower shall remain liable to the Lender for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

15. **Dealings by the Lender.** The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral, the Borrower, debtors of the Borrower, guarantors and sureties of the Borrower, and others as the Lender may see fit, without prejudice to the Obligations and the rights of the Lender to hold and realize upon the Security Interest. The Lender has no obligation to keep Collateral identifiable, or to preserve rights against prior secured creditors in respect of any Collateral.

16. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "Communication") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

(i) if to the Borrower:

Niska North Inc.
21 Cachagee Road
P.O. Box 1528
Chapleau, ON P0M 1K0
Attention: Kevin Lindquist, General Manager
Facsimile no: 705-864-0990

(ii) if to the Lender:

Deloitte & Touche, LLP
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1
Attention: R. M. Graham, Associate Partner, Financial Advisory
Fax: (416)-601-6690

With a copy to:

Northern Ontario Grow Bonds Corporation
159 Cedar Street, Suite 601
Sudbury, Ontario P3E 6A5
Attention: Sharon Tansley
Fax: (705) 564-7220

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery

- 8 -

thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section. When used in this Agreement, "**Business Day**" shall mean a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.

17. **Power of Attorney.** The Borrower hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the Security Interest becoming enforceable, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Borrower arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Borrower whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released.

18. **Agent.** The parties agree that Deloitte & Touche, LLP or any successor appointed by the Lender may act as agent for the Lender for the purpose of monitoring compliance with the terms of this Agreement during the period that the Loan is outstanding, and assessing any proposed amendments, waivers and similar matters on behalf of the Lender.

19. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Borrower, the Obligations or the Collateral and any other present and future rights or remedies which the Lender might have with respect thereto.

20. **Lender Not Obligated to Advance.** Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to the Borrower or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

21. **Amalgamation of Borrower.** The Borrower acknowledges and agrees that in the event that it amalgamates with any other persons (which it is prohibited from doing without the prior written consent of the Lender) then the Collateral and the Security Interest shall extend to and include all like property of the amalgamated corporation and all references herein to Borrower shall extend to and include the amalgamated corporation and all references herein to Obligations shall extend to and include all of the debts, liabilities and obligations of every type and kind of the amalgamated corporation.

22. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.

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23. **Waivers.** The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.
24. **Assignment.** The Borrower may not assign this Agreement or any of the benefits or obligations hereunder to any Person, without the prior written consent of the Lender. The Lender will have the right at any time to assign this Agreement and any of its rights and obligations hereunder to any Person.
25. **Release and Reconveyance.** Upon payment in full of the Obligations to the Lender, the Lender shall upon receipt of a written request from the Borrower release the Security Interest and reassign the Collateral to the Borrower without recourse and without representations or warranties, and the Lender shall at the request and expense of the Borrower execute and deliver all such discharges, releases, reassignments and further assurances as may be reasonably required in this regard.
26. **Joint and Several.** If this Agreement has been executed by more than one debtor, their obligations hereunder shall be joint and several, and all references to the "Borrower" herein shall refer to all such debtors, as the context requires.
27. **Number, Gender and Persons.** Unless the context otherwise requires, words importing the singular in number only shall include the plural and *vice versa*, words importing the use of gender shall include the masculine, feminine and neuter genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities.
28. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Agreement is declared to be separate, severable and distinct.
29. **Successors and Assigns.** This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon the Borrower and its legal representatives, heirs, executors, administrators, successors and permitted assigns.
30. **Time.** Time shall be of the essence of this Agreement.
31. **Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and the Borrower undertakes to provide the Lender with a copy of this Agreement bearing original signatures forthwith upon demand.

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32. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

33. **Entire Agreement.** This Agreement, the Loan Agreement and any other documents delivered pursuant hereto and thereto including any schedules attached hereto and thereto constitutes the entire agreement between the Borrower and the Lender relating to the subject-matter hereof and supersede all prior agreements, representations, warranties, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

34. **Expenses.** The Borrower shall pay forthwith upon demand to the Lender all expenses, including the reasonable fees, disbursements and other charges of its counsel (on a solicitor and his own client's basis), experts or agents which the Lender may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (ii) the exercise, enforcement or protection of any of the rights of the Lender hereunder, or (iii) the failure of the Borrower to perform or observe any of the provisions hereof.

35. **Further Assurances.** The Borrower shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by the Lender or its counsel as may be necessary or desirable to complete the transactions contemplated by this Agreement and carry out its provisions and intention.

36. **Copy of Agreement.** The Borrower acknowledges receipt of an executed copy of this Agreement.

This Agreement has been executed by the Borrower on the date first stated above.

NISKA NORTH INC.

By: _____

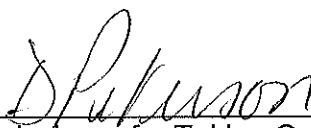
Kevin Lindquist
Vice President

I have the authority to bind the corporation.

Schedule "A"**Locations of Collateral**

1. 21 Cachagee Road, Chapleau, Ontario.
2. 303 Martel Road, Chapleau, Ontario

Exhibit " 1 "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

LRO # 53 Charge/Mortgage

Received as SD122131 on 2008 08 08 at 13:19

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

Properties

PIN 73092 - 0307 LT *Interest/Estate* Fee Simple
Description PT LT 5 CON 1 PANET BEING PTS 1 & 2 53R18530; TW EASEMENT OVER PT LT 5
 CON 1, PT 2 53R18237 AS IN SD90495; CHAPLEAU
Address CHAPLEAU

PIN 73092 - 0308 LT *Interest/Estate* Fee Simple
Description PT LT 6 & 7 CON 1 PANET BEING PT LOCATION RY111, PTS 1, 2 & 3 53R8919
 EXCEPT PT 9 53R18529; TW EASEMENT OVER PT LT 5 CON 1, PT 2 53R18237 AS
 IN SD90495; CHAPLEAU
Address 303 MARTEL ROAD
 CHAPLEAU

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name NISKA NORTH INC.
Address for Service P.O. Box 69
 21 Cachagee Road
 Chapleau, Ontario
 P0M 1K0

I, Kevin Lindquist, Vice-President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name NORTHERN ONTARIO GROW BONDS CORPORATION
Address for Service 159 Cedar Street
 Suite 601
 Sudbury, Ontario
 P3E 6A5

Statements

Schedule: See Schedules

Provisions

Principal \$ 500,000.00 *Currency* CDN
Calculation Period monthly, not in advance
Balance Due Date See Schedule
Interest Rate 7.5%
Payments
Interest Adjustment Date
Payment Date 1st day of each month
First Payment Date
Last Payment Date
Standard Charge Terms 20033
Insurance Amount full insurable value
Guarantor

Additional Provisions

See Schedule

LRO # 53 Charge/Mortgage

Received as SD122131 on 2008 08 08 at 13:19

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 2

Signed By

Sean Moore 1500-151 Yonge St. acting for Signed 2008 08 08
Toronto Chargor(s)
M5C 2W7
Tel 4168631188
Fax 4168630305

Submitted By

TORKIN MANES COHEN ARBUS LLP 1500-151 Yonge St. 2008 08 08
Toronto
M5C 2W7
Tel 4168631188
Fax 4168630305

Fees/Taxes/Payment

Statutory Registration Fee \$60.00
Total Paid \$60.00

File Number

Chargor Client File Number : 24766-05

ADDITIONAL PROVISIONS

This Charge is granted and taken as continuing security for the payment of all present and future indebtedness and liabilities of the Chargor to the Chargee, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Chargor to the Chargee, whether direct or indirect, contingent or absolute, matured or not; and without limiting the generality of the foregoing, specifically including the obligations of the Chargor under the letter loan agreement dated as of July 31, 2008 (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time made thereto, the "Loan Agreement") between the Chargee, as lender, and the Chargor, as borrower (collectively, the "Obligations")

The Chargor and Chargee hereby expressly agree as follows:

- (a) The provisions of the Loan Agreement shall survive the execution and registration of this Charge and any other security which may be furnished by the Chargor, and there shall be no merger of the provisions of the Loan Agreement in these presents or any other security granted or to be granted by the Chargor; and
- (b) The provisions of the Loan Agreement insofar as the same are to be performed by the Chargor, shall be deemed to be specifically and severally incorporated in this Charge, so that any default by the Chargor of any of the provisions contained in the Loan Agreement shall constitute a default under this Charge.

PROVIDED THIS CHARGE/MORTGAGE SHALL BE DISCHARGED upon payment of the ultimate balance of all Obligations at any time owing by the Chargor to the Chargee or remaining unpaid by the Chargor to the Chargee heretofore or hereafter incurred or arising from the Obligations, together with interest thereon at 7.50% plus the rate of the published prime lending rate used by Royal Bank of Canada as a basis of calculating interest on loans in Canadian funds charged from time to time by such bank during the currency of this Charge, such interest calculated annually, not in advance as well after as before maturity and both before and after default and all other amounts payable by the Chargor hereunder.

Notwithstanding the interest rate set out above, the parties agree that they may, from time to time, specify another interest rate(s) to be applicable to any or all of the Obligations.

For the purposes of the *Interest Act* (Canada) and disclosure under such act, the parties acknowledge that the Interest Rate referred to herein, calculated and compounded monthly, not in advance, is equivalent to a rate of interest of 7.61817% per annum, calculated and compounded half-yearly, not in advance.

PREPAYMENT

The Chargor may prepay in whole at any time or in part from time to time, without penalty, the principal balance of the Loan, together with any accrued and unpaid interest, upon at least five (5) business Days' notice. Prepayments of principal will be credited against principal payable hereunder in inverse order of maturity.

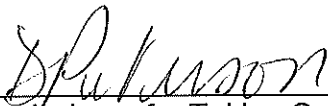
INCLUSIONS IN CHARGE

By signing this Charge, the Chargor charges the land described herein, including all appurtenances, buildings, fixtures and erections and improvements fixed or otherwise now thereon or hereafter put thereon including but without limiting the generality of the foregoing, all fences, heating, plumbing, air-conditioning, ventilating, lighting and water heating equipment and refrigeration equipment as security for the repayment by the Chargor to the Chargee of the principal amount specified on page 1 hereof and all other amounts payable hereunder.

SALE OR OTHER DEALING WITH CHARGED PROPERTY

It is hereby agreed that no sale or other dealings by the Chargor with the mortgaged land or any part thereof shall in any way change the liability of the Chargor hereunder or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

Exhibit " J "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

LRO # 53 Transfer Of Charge

Received as SD188946 on 2010 12 10 at 13:29

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

Properties

PIN 73092 - 0307 LT
Description PT LT 5 CON 1 PANET BEING PTS 1 & 2 53R18530; T/W EASEMENT OVER PT LT 5 CON 1, PT 2 53R18237 AS IN SD90495; CHAPLEAU
Address CHAPLEAU

PIN 73092 - 0308 LT
Description PT LT 6 & 7 CON 1 PANET BEING PT LOCATION RY111, PTS 1, 2 & 3 53R8919 EXCEPT PT 9 53R18529; T/W EASEMENT OVER PT LT 5 CON 1, PT 2 53R18237 AS IN SD90495; CHAPLEAU
Address 303 MARTEL ROAD
 CHAPLEAU

Source Instruments

Registration No.	Date	Type of Instrument
SD122131	2008 08 08	Charge/Mortgage

Transferor(s)

This transfer of charge affects all lands that the charge is against which are outstanding.

Name NORTHERN ONTARIO GROW BONDS CORPORATION
Address for Service 159 Cedar Street, Suite 601
 Sudbury, ON
 P3E 6A5

I, Sharon Tansley, General Manager, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Transferee(s)**Capacity****Share**

Name NORTHERN ONTARIO HERITAGE FUND CORPORATION
Address for Service Suite 200, 70 Foster Drive
 Sault Ste. Marie, ON
 P6A 8V8

Statements

The chargee transfers the selected charge for \$500,000.00

Signed By

Yoke Ching (Mimi) Smith	RM. M2-24 Macdonald Block-900 Bay Street Toronto M7A 1C3	acting for Transferor(s)	Signed	2010 12 10
Tel 4163270645				
Fax 4163270646				

I have the authority to sign and register the document on behalf of all parties to the document.

Yoke Ching (Mimi) Smith	RM. M2-24 Macdonald Block-900 Bay Street Toronto M7A 1C3	acting for Transferee(s)	Signed	2010 12 10
Tel 4163270645				
Fax 4163270646				

I have the authority to sign and register the document on behalf of all parties to the document.

LRO # 53 Transfer Of Charge

Received as SD188946 on 2010 12 10 at 13:29

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 2

Submitted By

Ministry of Northern Development, Mines and Forestry

RM. M2-24 Macdonald Block-900
Bay Street
Toronto
M7A 1C3

2010 12 10

Tel 4163270645

Fax 4163270646

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

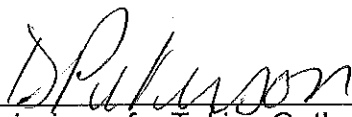
Total Paid \$60.00

File Number

Transferor Client File Number : NOGBC (GB#84)

Transferee Client File Number : NOHFC 910120

Exhibit "K"
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 5/18/2018
File Currency Date: 05/17/2018
Family(ies): 2
Page(s): 6

SEARCH : Business Debtor : NISKA NORTH INC.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 5/18/2018
File Currency Date: 05/17/2018
Family(ies): 2
Page(s): 6

SEARCH : Business Debtor : NISKA NORTH INC.

FAMILY : 1 OF 2 ENQUIRY PAGE : 1 OF 6
SEARCH : BD : NISKA NORTH INC.

00 FILE NUMBER : 647403318 EXPIRY DATE : 31JUL 2019 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20080731 1538 1862 6439 REG TYP: P PPSA REG PERIOD: 11
02 IND DOB : IND NAME:
03 BUS NAME: NISKA NORTH INC.

04 ADDRESS : 21 CACHAGEE ROAD, P. O. BOX 1528 OCN :
CITY : CHAPLEAU PROV: ON POSTAL CODE: P0M 1K0
05 IND DOB : IND NAME:
06 BUS NAME: OCN :

07 ADDRESS : OCN :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
NORTHERN ONTARIO HERITAGE FUND CORPORATION

09 ADDRESS : #200-70 FOSTER DRIVE
CITY : SAULT STE. MARIE PROV: ON POSTAL CODE: P6A 6V8
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: MINISTRY OF NORTHERN DEVELOPMENT & MINES - LEGAL SERVICES BR
17 ADDRESS : RM M2-24, 900 BAY STREET
CITY : TORONTO PROV: ON POSTAL CODE: M7A 1C3

FAMILY : 1 OF 2
 SEARCH : BD : NISKA NORTH INC.

ENQUIRY PAGE : 2 OF 6

FILE NUMBER 647403318
 REGISTRATION NUM REG TYPE
 01 CAUTION : PAGE TOT 01 OF 001 MV SCHED: 20111012 1945 1531 1012
 21 REFERENCE FILE NUMBER : 647403318
 22 AMEND PAGE: NO PAGE: X CHANGE: J OTHER REN YEARS: CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: NISKA NORTH INC.

25 OTHER CHANGE: PRIORITY AGREEMENT
 26 REASON: PRIORITY AGREEMENT DATED 21 JUNE 2011 BETWEEN NORTHERN ONTARIO
 27 /DESCR: HERITAGE FUND CORP. AND ROYAL BANK OF CANADA REGARDING 20110621 1451
 28 : 1530 1411, FILE NO. 670847751
 02/05 IND/TRANSFEREE:
 03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:
 CITY: PROV: POSTAL CODE:
 29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
 CITY : PROV : POSTAL CODE :
 CONS. MV DATE OF NO FIXED
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
 17 ADDRESS : 4126 NORLAND AVENUE
 CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 2 OF 2 ENQUIRY PAGE : 3 OF 6
 SEARCH : BD : NISKA NORTH INC.

00 FILE NUMBER : 647417664 EXPIRY DATE : 01AUG 2019 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
 REG NUM : 20080801 1059 1862 6512 REG TYP: P PPSA REG PERIOD: 6
 02 IND DOB : IND NAME:
 03 BUS NAME: NISKA NORTH INC.

OCN :
 04 ADDRESS : 21 CACHAGEE ROAD, P.O. BOX 1528
 CITY : CHAPLEAU PROV: ON POSTAL CODE: P0M 1K0
 05 IND DOB : IND NAME:
 06 BUS NAME:

OCN :
 07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 NORTHERN ONTARIO GROW BONDS CORPORATION

09 ADDRESS : #601-159 CEDAR STREET
 CITY : SUDBURY PROV: ON POSTAL CODE: P3E 6A5
 CONS. MV DATE OF OR NO FIXED
 MATURITY MAT DATE
 10 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT
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 YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: MINISTRY OF NORTHERN DEVELOPMENT & MINES - LEGAL SERVICES BR

17 ADDRESS : RM M2-24, 900 BAY STREET
 CITY : TORONTO PROV: ON POSTAL CODE: M7A 1C3

FAMILY : 2 OF 2 ENQUIRY PAGE : 4 OF 6
SEARCH : BD : NISKA NORTH INC. FILE NUMBER 647417664

01 CAUTION : PAGE TOT REGISTRATION NUM REG TYPE
001 OF 001 MV SCHED: 20101210 1324 1862 7943

21 REFERENCE FILE NUMBER : 647417664
22 AMEND PAGE: NO PAGE: X CHANGE: D ASSGNMT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: NISKA NORTH INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:
NORTHERN ONTARIO GROW BONDS CORPORATION
08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :
NORTHERN ONTARIO HERITAGE FUND CORPORATION
09 ADDRESS : #200-70 FOSTER DRIVE
CITY : SAULT STE. MARIE PROV : ON POSTAL CODE : P6A 6V8
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : MIN. OF NORTHERN DEVELOPMENT, MINES & FORESTRY - LEGAL SERVICES BR.
17 ADDRESS : RM M2-24, 900 BAY STREET
CITY : TORONTO PROV : ON POSTAL CODE : M7A 1C3

FAMILY : 2 OF 2 ENQUIRY PAGE : 5 OF 6
SEARCH : BD : NISKA NORTH INC. FILE NUMBER 647417664

	PAGE	TOT	REGISTRATION NUM	REG TYPE
01 CAUTION :	01	OF 001	MV SCHED: 20111012 1945 1531 1013	
21 REFERENCE FILE NUMBER :	647417664			
22 AMEND PAGE:	NO PAGE: X	CHANGE: J	OTHER	REN YEARS: CORR PER:
23 REFERENCE DEBTOR/	IND NAME:			
24 TRANSFEROR:	BUS NAME: NISKA NORTH INC.			

25 OTHER CHANGE: PRIORITY AGREEMENT
26 REASON: PRIORITY AGREEMENT DATED 21 JUNE 2011 BETWEEN NORTHERN ONTARIO GROW
27 /DESCR: BONDS CORP. AND ROYAL BANK OF CANADA REGARDING 20110621 1451 1530
28 : 1411, FILE NO. 670847751
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :		
CONS.	MV	DATE OF	NO FIXED	
GOODS INVTRY	EQUIP	ACCTS	OTHER	INCL
				AMOUNT
				MATURITY OR
				MAT DATE

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16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

FAMILY : 2 OF 2
 SEARCH : BD : NISKA NORTH INC.

ENQUIRY PAGE : 6 OF 6

FILE NUMBER 647417664
 REGISTRATION NUM REG TYPE
 01 CAUTION : PAGE TOT 20140711 1425 1301 0512
 21 REFERENCE FILE NUMBER : 647417664
 22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 05 CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: NISKA NORTH INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :

PROV :

POSTAL CODE :

CONS.

MV

DATE OF

NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER

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AMOUNT

MATURITY OR

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16 NAME : DELOITTE & TOUCHE ASSET MANAGEMENT INC. (ATTN? GABRIELA ARRUDA)

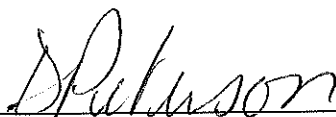
17 ADDRESS : 181 BAY STREET, SUITE 1400

CITY : TORONTO

PROV : ON

POSTAL CODE : M5J 2V1

Exhibit " L "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.



Northern Ontario Heritage
Fund Corporation

Société de gestion du Fonds
du patrimoine du Nord
de l'Ontario

Suite 200, Roberta Bondar Place, 70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
Tel: (705) 945-6700 or 1-800-461-8329, Fax: (705) 945-6701. www.nohfc.com

Place Roberta Bondar, Bureau 200, 70, promenade Foster, Sault Ste. Marie (Ontario) P6A 6V8
Tél. (705) 945-6700 ou 1-800-461-8329, Téléc. (705) 945-6701. www.nohfc.com

October 25, 2017

BY REGISTERED MAIL AND FAX

Niska North Inc.
21 Cachagee Road, Box 1528
Chapleau, ON P0M 1K0
Attn: Kevin Lindquist
Fax: 705-864-0990

Dear Sir/Madame:

Re: Notice of Default and Demand for Payment of Loans made by Northern Ontario Heritage Fund Corporation ("NOHFC") and Northern Ontario Grow Bonds Corporation ("NOGBC") to Niska North Inc. (the "Recipient")

As of October 23, 2017, you were indebted to us in the total outstanding amount of \$2,104,179.60, comprising the sum of:

1. the outstanding balance of a loan (the "**NOHFC Loan**") in the principal amount of \$1,000,000.00, together with interest thereon to the date of October 23, 2017 in the amount of \$409,704.40 (such principal and interest, collectively, the "**NOHFC Indebtedness**") under that certain loan agreement dated July 31, 2008, between the Recipient and NOHFC (as amended from time to time, the "**NOHFC Loan Agreement**"); and
2. the outstanding balance of a loan (the "**NOGBC Loan**") in the principal amount of \$500,000.00, together with interest thereon to the date of October 23, 2017 in the amount of \$194,475.20 (such principal and interest, collectively, the "**NOGBC Indebtedness**") under that certain loan agreement dated July 31, 2008, between the Recipient and NOGBC, which was assigned to NOHFC (as amended from time to time, the "**NOGBC Loan Agreement**").

Interest continues to accrue on the NOHFC Indebtedness at 7.5% per annum, calculated and payable monthly, not in advance, at a per diem interest rate of \$298.06. Interest continues to accrue on the NOGBC Indebtedness at 7.5% per annum, calculated and payable monthly, not in advance, at a per diem interest rate of \$146.84.

The NOHFC Loan Agreement and the NOGBC Loan Agreement shall hereinafter collectively be referred to as the "**Loan Agreements**", and the NOHFC Indebtedness and the NOGBC Indebtedness shall hereinafter collectively be referred to as the "**Indebtedness**".

Each of the NOHFC Indebtedness and the NOGBC Indebtedness are evidenced by term loan

promissory notes each dated July 31, 2008. The Indebtedness, together with all per diem interest as set forth above, is secured by the following (collectively, the "Security"):

- (a) a security interest in all of the personal property of the Recipient granted by the Recipient to NOHFC pursuant to a general security agreement made July 31, 2008 in respect of which a financing statement was registered under the *Personal Property Security Act (Ontario)* ("PPSA") bearing reference file no. 647403318, registration no. 20080731 1538 1862 6439;
- (b) a Charge/Mortgage made by the Recipient in favour of NOHFC registered on August 8, 2008 as instrument SD122128 in Land Registry Office #53, District of Sudbury;
- (c) an assignment of an insurance policy on the life of Kevin Lindquist in the sum of \$1,000,000.00 dated July 31, 2008 made in favour of NOHFC and NOGBC;
- (d) a security interest in all of the personal property of the Recipient granted by the Recipient to NOGBC pursuant to a general security agreement made July 31, 2008 in respect of which a financing statement was registered under the PPSA bearing reference file no. 647417664, registration no. 20080801 1059 1862 6512, which financing statement was assigned to NOHFC under registration no. 20101210 1324 1862 7943; and
- (e) a Charge/Mortgage made by the Recipient in favour of NOGBC registered on August 8, 2008 as instrument SD122131 in Land Registry Office #53, District of Sudbury; Transfer of Charge from NOGBC to NOHFC registered on December 10, 2010 as instrument SD188946 in Land Registry Office #53, District of Sudbury.

The Indebtedness, together with all per diem interest as set forth above, has become due and payable under section 6.1 of the Loan Agreements due to the occurrence and continuance of the following Events of Defaults:

- (i) with respect to the NOHFC Loan, failure to make monthly interest-only payments, in the amount of \$12,500.00 per month, due on the first of the month every month from and including July 1, 2013 to but excluding December 1, 2013, and failure to make monthly blended payments of principal and interest, in the amount of \$13,883.87 per month, due on the first of the month every month from and including January 1, 2014 to and including October 1, 2017, as required by Section 1.5 of the NOHFC Loan Agreement, which is an Event of Default under Subsection 6.1(a) of the NOHFC Loan Agreement;
- (ii) with respect to the NOGBC Loan, failure to make monthly interest-only payments due on the first of the month every month from and including October 1, 2008 to and including December 1, 2013, and failure to make monthly blended payments of principal and interest, in the amount \$13,883.87 per month, due on the first of the month every month from and including January 1, 2014 to and including October 1, 2017, as required by Section 1.5 of the NOGBC Loan Agreement, which is an Event of Default under Subsection 6.1(a) of the NOGBC Loan Agreement;
- (iii) ceasing to operate the sawmill business, which has had a Material Adverse Effect (as that term is defined in the Loan Agreements), and which constitutes Events of Default under Subsection 6.1(e) and Subsection 6.1(g) of each of the Loan Agreements;

- (iv) failure to pay, when due, property taxes imposed on the Recipient's mill property, as required by Section 1.11 of Schedule "E" of each of the Loan Agreements, which, if not cured within ten (10) days of notice hereof, constitutes an Event of Default under Subsection 6.1(d) of each of the Loan Agreements; and
- (v) failure to maintain in force until payment in full of the Obligations (as that term is defined in the Assignment of Life Insurance) certain policies of insurance on the life of Kevin Lindquist issued by Manufacturers Life Insurance Company, policy number 8223378, in the sum of \$1,000,000.00, in accordance with section 2 of the Assignment of Life Insurance, as required by Section 1.6 of Schedule "E" of each of the Loan Agreements, which, if not cured within ten (10) days of notice hereof, constitutes an Event of Default under Subsection 6.1(d) of each of the Loan Agreements.

We hereby formally demand that you pay to NOHFC the full amount of the Indebtedness, together with all per diem interest as set forth above, by certified cheque delivered to NOHFC's offices at Suite 200, Roberta Bondar Place, 70 Foster Drive, Sault Ste. Marie, Ontario on or before 5:00 p.m. on November 25, 2017.

Enclosed herewith is a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). If payment of the Indebtedness, together with all per diem interest as set forth above, is not received on or before 5:00 p.m. on **November 25, 2017**, following the expiry of the period referred to in the Notice of Intention to Enforce Security, we may take such steps as we may see fit including, without limitation, the appointment of a receiver and/or manager in order to collect the Indebtedness, together with all per diem interest as set forth above.

In the interim, we reserve the right to take appropriate action required to preserve and protect our interest in the property subject to the Security.

Yours truly,

NORTHERN ONTARIO HERITAGE FUND CORPORATION

By: MNP LLP, its Agent

Per: 
 Rick Trochimchuk

NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the *Bankruptcy and Insolvency Act* (Canada))

October 25, 2017

BY REGISTERED MAIL AND FAX

Niska North Inc.
 21 Cachagee Road, Box 1528
 Chapleau, ON P0M 1K0
 Attn: Kevin Lindquist
 Fax: 705-864-0990

TAKE NOTICE THAT:

1. **Northern Ontario Heritage Fund Corporation ("NOHFC")**, a secured creditor, intends to enforce its security on the property of Niska North Inc. (the "**insolvent person**") described as follows:

All of the assets and undertaking of the insolvent person, including, without limitation, all equipment, inventory, accounts receivable and intangible personal property, all real property including, without limitation, leasehold interests in any real property, intellectual property, choses in action, documents of title whether negotiable or otherwise, money, securities, books, accounts and other records in any form or medium, and any and all proceeds therefrom.

2. The security that is to be enforced (the "**Security**") is in the form of:
 - (a) a security interest in all of the personal property of the insolvent person granted by the insolvent person to NOHFC pursuant to a general security agreement made July 31, 2008 in respect of which a financing statement was registered under the *Personal Property Security Act* (Ontario) ("**PPSA**") bearing reference file no. 647403318, registration no. 20080731 1538 1862 6439;
 - (b) a Charge/Mortgage made by the insolvent person in favour of NOHFC registered on August 8, 2008 as instrument SD122128 in Land Registry Office #53, District of Sudbury, against the premises described therein;
 - (c) an assignment of an insurance policy on the life of Kevin Lindquist in the sum of \$1,000,000.00 dated July 31, 2008 made in favour of NOHFC and Northern Ontario Grow Bonds Corporation ("**NOGBC**");
 - (d) a security interest in all of the personal property of the insolvent person granted by the insolvent person to NOGBC pursuant to a general security agreement made July 31, 2008 in respect of which a financing statement was registered under the PPSA bearing reference file no. 647417664, registration no. 20080801 1059 1862 6512, which financing statement was assigned to NOHFC under registration no. 20101210 1324 1862 7943; and

- (e) a Charge/Mortgage made by the insolvent person in favour of NOGBC registered on August 8, 2008 as instrument SD122131 in Land Registry Office #53, District of Sudbury, against the premises described therein; Transfer of Charge from NOGBC to NOHFC registered on December 10, 2010 as instrument SD188946 in Land Registry Office #53, District of Sudbury.
3. As of October 23, 2017, the total amount of outstanding indebtedness and other obligations secured by the Security was in the amount of \$2,104,179.60, comprising the sum of:
- (a) the outstanding balance of a loan in the principal amount of \$1,000,000.00, together with interest thereon to the date of October 23, 2017 in the amount of \$409,704.40 (such principal and interest, collectively, the "**NOHFC Indebtedness**") under that certain loan agreement dated July 31, 2008, as amended from time to time, between the insolvent person and NOHFC; and
- (b) the outstanding balance of a loan in the principal amount of \$500,000.00, together with interest thereon to the date of October 23, 2017 in the amount of \$194,475.20 (such principal and interest, collectively, the "**NOGBC Indebtedness**") under that certain loan agreement dated July 31, 2008, as amended from time to time, between the insolvent person and NOGBC, which was assigned to NOHFC.

Interest continues to accrue on the NOHFC Indebtedness at 7.5% per annum, calculated and payable monthly, not in advance, at a per diem interest rate of \$298.06. Interest continues to accrue on the NOGBC Indebtedness at 7.5% per annum, calculated and payable monthly, not in advance, at a per diem interest rate of \$146.84.

4. The secured creditor will not have the right to enforce the security until after the expiry of ten days after this notice is sent unless the insolvent person consents to an earlier enforcement.

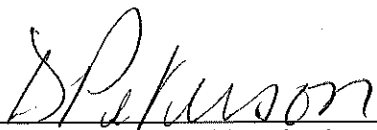
Dated at Thunder Bay, Ontario, on October 25, 2017.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

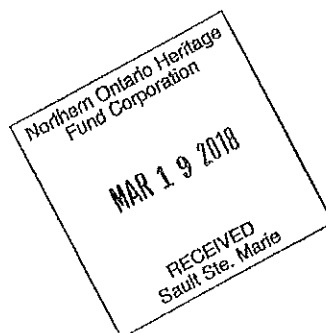
By: MNP LLP, its Agent

Per: 
Rick Trochimchuk

Exhibit "M"
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

FARBER

150 York Street, Suite 1600
 Toronto, ON, Canada, M5H 3R5
 T: 1.855.775.8777
 F: 416.496.3839

Estate No. 31-2354090

**IN THE MATTER OF THE BANKRUPTCY OF NISKA NORTH INC., A COMPANY DULY INCORPORATED
 PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO WITH A HEAD OFFICE IN THE CITY OF
 CHAPLEAU, IN THE PROVINCE OF ONTARIO**

**NOTICE OF BANKRUPTCY AND FIRST MEETING OF CREDITORS
 (Subsection 102(1) of the Act)**

TAKE NOTICE THAT:

1. NISKA NORTH INC. filed an assignment on March 13th, 2018 and the undersigned, A. Farber & Partners Inc., was appointed as Trustee of the Estate of the Bankrupt by the Official Receiver, subject to affirmation by the creditors of the Trustee's appointment or substitution of another Trustee by the creditors.
2. The First Meeting of Creditors of the Bankrupt will be held on March 29th, 2018 at 10:00AM at A. Farber & Partners Inc., 150 York Street, Suite 1600, in Toronto, Ontario. Creditors of the bankrupt estate may participate in the meeting via telephone. Please contact Ms. Schmidt at 416-496-3753 for details.
3. To be entitled to vote at the meeting, a creditor must lodge with the Trustee, before the meeting, a Proof of Claim and, where necessary, a proxy.
4. Enclosed with this Notice is a form of Proof of Claim, a form of proxy, and a list of creditors with claims amounting to twenty-five (\$25.00) dollars or more, showing the amounts of their claims.
5. Creditors must prove their claims against the Estate of the Bankrupt in order to share in any distribution of the proceeds realized from the Estate.

DATED at Toronto this 14th day of March, 2018.

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

A. FARBER & PARTNERS INC.

District of:
 Division No.
 Court No.
 Estate No.

Original Amended

-- Form 70 --
 Statement of Affairs (Business Bankruptcy) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)
 In the matter of the bankruptcy of
 NISKA NORTH INC.
 of the Township of Chapleau, in the Province of Ontario

To the bankrupt:
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the bankruptcy, on the 12th day of March 2018. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
358,726.18	0.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
1,105,887.20	0.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
1,462,613.38	Good
2. Secured creditors as per list "B"	232.00
1,057,809.00	Doubtful
3. Preferred creditors as per list "C"	0.00
0.00	Bad
4. Contingent, trust claims or other liabilities as per list "D"	0.00
estimated to be reclaimable for	Estimated to produce
0.00	232.00
Total liabilities	4. Bills of exchange, promissory note, etc., as per list "F" ...
2,520,422.38	0.00
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	577.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant
	809,000.00
	9. Real property or immovable as per list "G"
	250,000.00
	10. Furniture
	0.00
	11. RRSPs, RRIIFs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	0.00
	13. Interests under wills
	0.00
	14. Vehicles
	7,100.00
	15. Other property, as per list "H"
	0.00
	If bankrupt is a corporation, add:
	Amount of subscribed capital
	0.00
	Amount paid on capital
	0.00
	Balance subscribed and unpaid
	0.00
	Estimated to produce
	0.00
	Total assets
	1,057,809.00
	Deficiency
	1,462,613.38

I, Kevin Lindquist, of the Township of Chapleau in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 12th day of March 2018 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the Township of Chapleau in the Province of Ontario, on this 12th day of March 2018.

Chelsea Swanson

Kevin Lindquist
 Kevin Lindquist

Commissioners for Taking
 Affidavits Act Section One

District of:
 Division No. -
 Court No.
 Estate No.

FORM 78 -- Continued

List "A"
 Unsecured Creditors
 NISKA NORTH INC.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Hydro One Networks Inc. Attn: Collection Department 200119037336	PO Box 5960 London ON N6A 6C4	1.00	0.00	1.00
2	Kevin Lindquist	141 Monk Street Chapleau ON P0M 1K0	356,699.55	0.00	356,699.55
3	Northern Ontario Grow Bonds Corporation	Roberta Bondar Place 200-70 Foster Drive Sault Ste. Marie ON P6A 6V8	0.00	714,151.76	714,151.76
4	Northern Ontario Heritage Fund Corp.	Roberta Bondar Place 200-70 Foster Drive Sault Ste. Marie ON P6A 6V8	0.00	391,735.44	391,735.44
5	PBL Insurance Limited Policy #501336777	100 Third Ave Timmins ON P4N 1C3	1.00	0.00	1.00
6	Township of Chapleau 5292 000 004058 10.0000	20 Pine St. W. P.O. Box 129 Chapleau ON P0M 1K0	24.63	0.00	24.63
Total:			356,726.18	1,106,887.20	1,462,613.38

12-Mar-2018

Date


 Kevin Lindquist

District of:
 Division No.
 Court No.
 Estate No.

FORM 78 -- Continued


List 'B'
 Secured Creditors

NISKA NORTH INC.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	Northern Ontario Grow Bonds Corporation	Roberta Bondar Place 200-70 Foster Drive Sault Ste. Marie ON P8A 6V8	714,151.76	Business Assets - Machinery - Equipment Cash on Hand - Cash in Bank Debts Due - Business - H.S.T. Receivable Furniture - Office Furniture Real Property or Immoveable - Building and Land - 303 Martel Road, Chapleau, ON Motor Vehicles - Automobile - Vehicles		0.00 0.00 0.00 0.00 0.00		714,151.76
2	Northern Ontario Heritage Fund Corp.	Roberta Bondar Place 200-70 Foster Drive Sault Ste. Marie ON P8A 6V8	1,449,644.44	Business Assets - Machinery - Equipment Real Property or Immoveable - Building and Land - 303 Martel Road, Chapleau, ON Motor Vehicles - Automobile - Vehicles Cash on Hand - Cash in Bank Debts Due - Business - H.S.T. Receivable Furniture - Office Furniture		800,000.00 250,000.00 7,100.00 577.00 232.00 0.00		391,735.44
Total:			2,163,796.20			1,057,909.00	0.00	1,105,887.20

12-Mar-2018

Date


 Kevin Lindquist

District of:
 Division No. -
 Court No.
 Estate No.

FORM 70 -- Continued

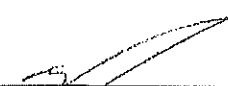
List "C"
 Preferred Creditors for Wages, Rent, etc.

NISKA NORTH INC.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

12-Mar-2010

Date


 Kevin Lindquist

District of:
Division No. -
Court No.
Estate No.

FORM 78 -- Continued

List "D"
Contingent or Other Liabilities

NISKA NORTH INC.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

12-Mar-2018

Date


Kevin Lindquist

District of:
 Division No. -
 Court No.
 Estate No.

FORM 7B -- Continued

List "E"
 Debts Due to the Bankrupt
 NISKA NORTH INC.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	H.S.T. Receivable	N/A	H.S.T. Receivable	232.00 0.00 0.00		29-Mar-2007	232.00	N/A
Total				232.00 0.00 0.00			232.00	

12-Mar-2018

Date



Kevin Lindquist

District of:
 Division No.
 Court No.
 Estate No.

FORM 70 -- Continued

List "F"

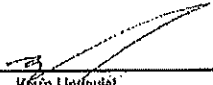
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
 Mortgages, etc., Available as Assets

NISKA NORTH INC.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

12-Mar-2018

Date


 Kevin Lindquist

District of:
 Division No.
 Court No.
 Estate No.

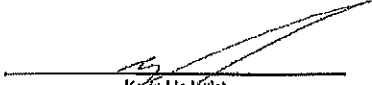
FORM 70 -- Continued

List "G"
 Real Property or Immovables Owned by Bankrupt
 NISKA NORTH INC.

Description of property	Nature of bankrupt interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Building and Land - 303 Martel Road, Chapleau, ON Parcel Con 1 PT Lot 5 RP 53R18530	100% owner	Niska North Inc.	250,000.00	Northern Ontario Heritage Fund Corp. Roberta Bondar Place 200-70 Foster Drive Sault Ste. Marie ON P6A 6V8 1,449,644.44 Northern Ontario Grav Bonds Corporation Roberta Bondar Place 200-70 Foster Drive Sault Ste. Marie ON P6A 6V8 714,161.76	0.00
Total:			250,000.00		0.00

12-Mar-2018

Date


 Kevin Lindquist

District of:
 Division No. -
 Court No.
 Estate No.

FORM 70 -- Concluded

List 'H'
 Property

NISKA NORTH INC.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	577.00	577.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Equipment	2,283,349.00	800,000.00
(g) Furniture		Office Furniture	4,975.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles		Automobile - Vehicles	8,304.85	7,100.00
(l) Taxes			0.00	0.00
(m) Other			0.00	0.00
			Total:	807,677.00

12-Mar-2018

Date


 Kevin Lindquist

FARBER**Bankruptcy and Insolvency Act
PROOF OF CLAIM**150 York Street, Suite 1600
Toronto, ON M5H 3S5
P: 1.866.776.8777
F: 1.416.496.9839*All notices or correspondence regarding this claim must be forwarded to the following address:*

IN THE MATTER OF THE Bankruptcy of NISKA NORTH INC., of Chapleau, Ontario and the claim of _____
_____, creditor.

I, _____ (name of creditor or representative of the creditor),
of _____ (city and province) do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor or representative of the creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of Bankruptcy namely the 13th day of March, 2018, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
4. (Check and complete appropriate category.)
 - A. UNSECURED CLAIM OF \$ _____**
That in respect of this debt, I do not hold any assets of the debtor as security and (check appropriate description):
 - Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.
 - Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on attached sheet details to support priority claim.)
 - B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____**
That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
 - C. SECURED CLAIM OF \$ _____**
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows: (Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)
 - D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____**
That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____.
(Attach a copy of sales agreement and delivery receipts.)
 - E. CLAIM BY WAGE EARNER OF \$ _____**
 - That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____
 - That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____
 - F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____**
 - That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____
 - That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____
 - G. CLAIM AGAINST DIRECTOR \$ _____**
(To be completed when a proposal provides for the compromise of claims against directors.)
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
 - H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____**
That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, the credits that I have allowed to and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or party to with the debtor within the three months (*or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months*) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: *(Provide details of payments, credits and transfers at undervalue.)*

7. *(Applicable only in the case of the bankruptcy of an individual)*

- Whenever the trustee reviews the financial situation of a bankrupt to re-determine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address. *(Applicable only in the case of the bankruptcy of an individual.)*

Dated at _____ this _____ day of _____ 20_____.

Witness: _____

Creditor: _____

Phone Number: _____

Fax Number: _____

Email: _____

NOTES: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1 must be added at the end of the document.

WARNING: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

General

The *signature of a witness* is required.

This document *must be signed* personally by the individual completing the declaration.

Give the complete address where all notices or correspondence is to be forwarded.

For your claim to be valid, you must provide *supporting documentation* (*i.e., invoice or statement of account*). The amount on the *statement of account* must correspond to the amount indicated on the proof of claim (*see Item 3 below*).

Item 1 -- Creditor must state full and complete legal name of company or firm. If the individual completing the proof of claim is not the creditor himself, he must state his position or title.

Item 3 -- The statement of account must be complete. *A detailed statement of account of the last three months* must be attached to the proof of claim and *must* show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments.

Item 4 -- Please *strike out* those phrases that do not apply.

- An unsecured creditor must indicate whether he does or does not claim a right to a priority. A schedule must be attached to support priority claims.
- If you are filing as a secured creditor, a certified copy of the security documents must be attached to the proof of claim.
- If making a claim as a farmer, fisherman or aqua culturist, attach a copy of sales agreement and delivery documents.

Item 5 -- All claims must indicate if they *are or are not related* to the debtor, as defined in Section 4 of the Bankrupt Act, by striking out "*are*" or "*are not*." If you are related by blood or marriage to the debtor, you should consider yourself to be a related person. If the bankrupt is a corporation, you would be considered to be related to it if you were a shareholder or if your company was controlled by the same shareholders as the bankrupt corporation.

Item 6 -- All Claimants must attach a detailed list of all payments or credits received or granted as follows:

- *within the three (3) months preceding* the bankruptcy or the proposal, in case where the claimant and the debtor are not related.
- *within the twelve (12) months preceding* the bankruptcy or proposal, in the case where the claimant and the debtor are related.

PROXY

All signatures must be witnessed.

A creditor may vote either in person or by proxy.

A debtor may not be appointed a proxy to vote at any meeting of his creditors.

The trustee may be appointed as a proxy for any creditor.

In order for a duly authorized person to have a right to vote he must himself be a creditor or be holder of a properly executed proxy.

The name of the creditor must appear in the proxy.

Completed forms can be sent by:

Mail: **Geanina Schmidt**
A. Farber & Partners Inc., Trustee
150 York Street, Suite 1600
Toronto, ON M5H 3S5

Fax: 416 496-3839

Email: Geanina Schmidt at gschmidt@farbergroup.com

Note: As an original claim is not necessary, multiple copies of your claim do not need to be sent. One copy of your claim and supporting documentation, either by mail, fax or email, would suffice.

GENERAL PROXY

IN THE MATTER OF THE BANKRUPTCY OF NISKA NORTH INC.

an insolvent person. I (or We), _____
(name of creditor), of _____ (name of city, town or village), a creditor in the above
matter, hereby appoint _____ or, _____ to be my (or our) general
proxy in the above except as to the receipt of dividends, with (or without) power to appoint another general proxy in his or her place.

Dated at _____ this _____ day of _____, 20_____.

Witness

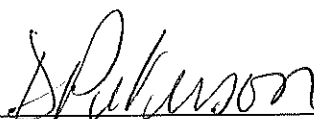
Individual Creditor (Telephone no.)

Name of Corporate Creditor

Witness

Per: _____
Name and Title of Signing Officer (Telephone no.)

Exhibit "N"
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

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

BETWEEN:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

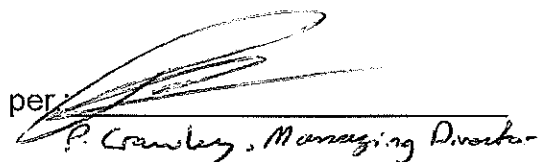
CONSENT

A. FARBER & PARTNERS INC. hereby consents to act as receiver and manager of the assets, undertakings and property of the respondent, Niska North Inc.

July 25, 2018

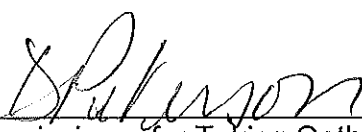
A. FARBER & PARTNERS INC.

per:


P. Crowley, Managing Director

I have authority to bind the corporation.

Exhibit " 0 "
to the Affidavit
of **MELANIE MUNCASTER**
sworn before me on
August 14th, 2018



Commissioner for Taking Oaths etc.

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

BETWEEN:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

CONSENT

NISKA NORTH INC. hereby consents to this application.

August 9, 2018

NISKA NORTH INC.



Kevin Lindquist

I have authority to bind the corporation.

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

BETWEEN:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.


Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

CONSENT

I, Kevin Lindquist, shareholder and creditor of Niska North Inc., hereby consent to this application.

August 7, 2018


Kevin Lindquist

NORTHERN ONTARIO HERITAGE FUND CORP. V NISKA NORTH INC.

APPLICANT

RESPONDENT

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

**AFFIDAVIT OF
MELANIE MUNCASTER**

ATTORNEY GENERAL FOR ONTARIO

Crown Law Office – Civil
8-720 Bay Street
Toronto, ON M7A 2S9
Tel.: 416-326-4112
Fax: 416-326-4181

Antonin Pribetic, LSUC No. 34843S
antonin.pribetic@ontario.ca

Ananthan Sinnadurai, LSUC No. 60614G
ananthan.sinnadurai@ontario.ca

Lawyers for the Applicant,
Northern Ontario Heritage Fund Corp.

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

B E T W E E N:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

**ORDER
(appointing Receiver)**

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing A. Farber & Partners Inc. ("Farber") as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Niska North Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Melanie Muncaster, sworn August 14, 2018 and the Exhibits thereto and the Pre-Appointment Report of Farber, and on hearing the submissions of counsel for the Applicant and Farber, no one appearing for the

Respondent although duly served as appears from the affidavit of service of _____ sworn _____ and on reading the consent of Farber to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical

inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or

hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals,

firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including

providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined

in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any

of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and

shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and

charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$120,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges

thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

31. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of Niska North Inc. acquired for, or used in relation to, a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number CV-18-602774-00-CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of August 2018.

A. Farber & Partners Inc., solely in its
capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

NORTHERN ONTARIO HERITAGE FUND CORPORATION
Applicant

v

NISKA NORTH INC.
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

ORDER (APPOINTING RECEIVER)

ATTORNEY GENERAL FOR ONTARIO

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Toronto, ON M7A 2S9
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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

Revised: January 21, 2014
~~s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver~~

Court File No. _____

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

~~PLAINTIFF~~[†]

~~Plaintiff~~
BETWEEN:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

~~DEFENDANT~~

Defendant

NISKA NORTH INC.

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF*
JUSTICE ACT, R.S.O. 1990, C. C. 43, AS AMENDED**

**ORDER
(appointing Receiver)**

[†]~~The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

THIS MOTION made by the ~~Plaintiff~~² Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~{RECEIVER'S NAME}~~ A. Farber & Partners Inc. ("Farber") as receiver ~~{and manager}~~ (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~{DEBTOR'S NAME}~~ Niska North Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~{NAME}~~ Melanie Muncaster, sworn ~~{DATE}~~ August 14, 2018 and the Exhibits thereto and the Pre-Appointment Report of Farber, and on hearing the submissions of counsel for ~~{NAMES}~~ the Applicant and Farber, no one appearing for ~~{NAME}~~ the Respondent although duly served as appears from the affidavit of service of ~~{NAME}~~ _____ sworn ~~{DATE}~~ _____ and on reading the consent of ~~{RECEIVER'S NAME}~~ Farber to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated³ so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~{RECEIVER'S NAME}~~ A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the

² ~~Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

³ ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

~~⁴This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
- (i) without the approval of this Court in respect of any transaction not exceeding ~~\$ _____~~, \$25,000, provided that the aggregate consideration for all such transactions does not exceed ~~\$ _____~~; \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, ~~for~~ section 31 of the Ontario *Mortgages Act*, as the case may be,⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

⁵ ~~If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to

the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or

regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post

Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a

charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed ~~\$_____~~ **\$120,000** (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby

~~⁶Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

31. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~{RECEIVER'S NAME}~~, A. Farber & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties ~~{DEBTOR'S NAME}~~ of Niska North Inc. acquired for, or used in relation to, a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number CV-18-602774-00-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, ~~20__~~ August 2018.

A. Farber & Partners Inc., solely in its
capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

v

NISKA NORTH INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

ORDER (APPOINTING RECEIVER)

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Lawyers for the Applicant,
Northern Ontario Heritage Fund Corporation

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

B E T W E E N:

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Applicant

- and -

NISKA NORTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED

**ORDER
(Approval of Sales Process)**

THIS MOTION, made by the Applicant, Northern Ontario Heritage Fund Corporation, for an order, *inter alia*, appointing A. Farber & Partners Inc. ("Farber") as court-appointed Receiver (in such capacity, the "Receiver") of the assets, property and undertaking of Niska North Inc. (the "Debtor") and approving the Sale Process as set out in the Pre-Appointment Report of Farber (the "Report") and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicant, the Affidavit of Melanie Muncaster, sworn August 14, 2018, including the exhibits thereto and the Report, filed, and on hearing the submissions of counsel for the Applicant and counsel to Farber, no one else appearing,

APPROVAL OF THE SALE PROCESS

1. THIS COURT ORDERS that the Sale Process attached hereto as Schedule "A" and as more particularly set out in the Report (the "Sale Process") is hereby approved. The Receiver is hereby authorized and directed to take any and all actions as may be

necessary or desirable to implement and carry out the Sale Process. The Receiver is further authorized to make such minor amendments or adjustments to timelines as the Receiver may deem necessary or desirable to carry out the objectives of the Sale Process.

APPROVAL OF REPORT

2. THIS COURT ORDERS AND DECLARES that the Report and the activities and conduct of the Receiver attached hereto as Schedule "A" and as more particularly set out in the Report is hereby approved.

Schedule "A"

SCHEDULE OF SALE PROCESS AND RELATED STEPS

	Event	Timing
1	NOHFC to schedule motion for the appointment of Receiver, NOHFC to use own counsel	NOHFC
2	Receiver to prepare pre-appointment report in support of sales process for Property with a view to obtaining approval of sales process together with appointment order	To be completed and filed prior to motion for appointment of Receiver
3	Following appointment the Receiver contact any identified potential purchasers and invite them to submit a bid for the Property.	Within 5 days of appointment and sale process approval.
4	Advertise the sale of the Property in the National Post (National Edition), and online or otherwise as considered appropriate by the Receiver.	Within 5 days of appointment and sale process approval.
5	Information pertaining to this opportunity will be posted on the Receiver's website: www.farbergroup.com , which will include <ul style="list-style-type: none"> • Invitation for Offers to purchase the Property; • Confidentiality Agreement. 	Within 5 days of appointment and sale process approval.
6	Interested parties given access to additional data, data room and be provided with an opportunity to conduct site visits (over a 2-day period to be set by the Receiver) (subject to receipt of a signed confidentiality agreement).	Over a period of 4 weeks
7	Deadline for submission of Qualified Bids ("Bid Deadline")	4:00 PM (EST) on the 28 th day of the 4-week sales process
8	Receiver evaluates Qualified Bids received and selects successful bid	Within 2 business days of Bid Deadline
9	Finalize agreement of purchase and sale in connection with successful bid	ASAP
10	Seek Court approval of agreement of purchase and sale with selected bidder and approval and vesting order.	Within 10 days of finalizing APS
11	Close sale to successful purchaser(s).	Within 3 days of Court approval
12	Unsuccessful bidders to return all confidential materials to the Receiver, and applicable deposits refunded.	Within 1 week of closing the sale.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

v

NISKA NORTH INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

ORDER (SALES PROCESS)

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Northern Ontario Heritage Fund Corporation

NORTHERN ONTARIO HERITAGE FUND CORPORATION

v

NISKA NORTH INC.

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

APPLICATION RECORD

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