

THE QUEEN'S BENCH
Winnipeg Centre
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE *BANKRUPTCY AND*
INSOLVENCY ACT, R.S.C. 1985,
c. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF
5274398 MANITOBA LTD.

AFFIDAVIT OF JONATHAN DOERKSEN
SWORN SEPTEMBER 6, 2017
(DIP LOAN SUPPLEMENTAL AFFIDAVIT)

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File No. 1702631

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AFFIDAVIT OF JONATHAN DOERKSEN
SWORN SEPTEMBER 6, 2017
(DIP Loan Supplemental Affidavit)

I, Jonathan Doerksen, of The City of Winnipeg, in the Province of
Manitoba, businessman

MAKE OATH AND SAY THAT:

1. I am the President and a Director of 5274398 Manitoba Ltd. operating
as Cross Country Manufacturing and as Cross Country Trailers ("**Cross
Country**"), which is an insolvent person and the applicant, and as such
have personal knowledge of the facts to which I depose, except where I
have indicated that I have obtained facts from other sources, in which case
I believe those facts to be true. Unless otherwise described herein, copies
of documents attached and marked as exhibits hereto are true copies of
the original documents. Where specimen or execution versions of

documents are attached as exhibits hereto, I believe that those documents have been fully signed by the parties thereto, delivered and in full force and effect.

2. I make this Affidavit supplemental to my Affidavit sworn to my Affidavit sworn September 5, 2017 ("**September 5 Affidavit**").

Updated Priority Agreement

3. Attached as **Exhibit "1"** hereto is a copy of a Priority Agreement (the "**Updated Priority Agreement**") dated September 1, 2017, a copy of which (executed by Business Development Bank of Canada ("**BDC**") and Bank of Montreal ("**BMO**")) was provided to Cross Country on September 5, 2017 and executed by Cross Country on September 6, 2017.

4. The Updated Priority Agreement confirms the priority arrangements between BDC and BMO described in Exhibit "25" to my September 5.

5. Section 3.04 of the Updated Priority Agreement requires that a debtor-in-possession financing order to be obtained from this Honourable

Court in this motion give BDC and BMO first charges respectively consistent with the priority arrangements between BDC and BMO.

DIP Loans and DIP Charge

6. As I indicated in my September 5 Affidavit, discussions ensued among Cross Country, BMO, BDC, their respective legal advisors and the Proposal Trustee with a view to obtaining an additional \$500,000.00 in interim or “DIP” financing to assist with working capital requirements. I can now advise that BMO and BDC have each agreed, subject to certain terms, to provide additional financing (respectively the “**BMO DIP Loan**” and the “**BDC DIP Loan**”) (together the “**DIP Loans**”) in the amounts of \$250,000.00.

7. The terms of the BDC DIP Loan are set out in a certain Debtor-in-Possession Financing letter dated September 6, 2017 (the “**BDC DIP Term Sheet**”) made between BDC and Cross Country, and include a requirement for court authorized “DIP Charge” and Court approval of the BDC DIP Term Sheet and the BDC DIP Loan. The BDC DIP Term Sheet also includes a requirement limiting any administration charge to be

granted by this Honourable Court, to \$150,000.00. Attached as **Exhibit “2”** hereto is a copy of the BDC DIP Term Sheet.

8. The terms of the BMO DIP Loan are set out in that certain Letter of Agreement (the “**BMO DIP Letter of Agreement**”) made between BMO and Cross Country dated September 6, 2017. The BMO DIP Letter of Agreement does not specifically require the creation of a “DIP Charge” in favour of BMO, however, such a requirement is included in the Updated Priority Agreement as described in paragraph 5 of this Affidavit. Attached as **Exhibit “3”** hereto is a copy of the BMO DIP Letter of Agreement”.

9. The terms of the BMO DIP Letter of Agreement have been supplemented by a letter (the “**Pitblado Letter**”) dated September 6, 2017 from Pitblado LLP, counsel to BMO. Attached as Exhibit “4” hereto is a copy of the Pitblado Letter.

10. The proposed Order provides for a DIP Lenders' Charge in relation to the DIP Loans from BDC and BMO, in the total amount of up to \$500,000 (the “**DIP Lenders’ Charge**”), on terms consistent with the requirements of the Updated Priority Agreement and the BDC DIP Loan Sheet.

11. It is anticipated that the DIP Lenders' Charge will rank with the priority as set out in the proposed Order, and will not affect certain parties or claims, as more particularly described in the proposed Order, including . claims of Equipment Lessors and Financiers (as defined in my September 5 Affidavit) and claims for any amounts under the Wage Earners' Protection Program that are subject to a priority claim under the BIA, including source deductions from wages, employer health tax, workers compensation, vacation pay and banked overtime for employees, and any pension payment obligations that are subject to a priority claim pursuant to Section 81.5(1) of the BIA.

12. The DIP Lenders' Charge does not secure any obligations to BDC and BMO that existed before the making of the Order and secured creditors who are likely to be affected by the proposed Order in relation to the granting of the DIP Lenders' Charge have been provided with prior notice of this motion.

13. As I expressed in my September 5 Affidavit, the DIP Loans are essential for the BIA process that Cross Country believes will enhance the

payment prospects for its creditors and, in any event, reflect Cross Country's critical need for working capital. I believe that a successful transaction can result from the Sale Process (as defined in my September 5 Affidavit) to be undertaken in these proceedings and that, in the circumstances the DIP Loans and the DIP Lenders' Charge would not materially prejudice any creditor.

Administration Charge

14. At paragraphs 68 and 69 of my September 5 Affidavit, I indicate that I believe that the Administration Charge (as defined in my September 5 Affidavit) is necessary for the effective participation protection of the fees and costs of the professionals providing services to Cross Country in the course of these proceedings, and is based on estimates provided by those parties.

15. By way of background, Cross Country had hoped to be able to access additional working capital funding earlier in this process. Cross Country's counsel MLT Aikins LLP ("**MLTA**"), PricewaterhouseCoopers LLP ("**PWC**") and Lazer Grant Inc. (the "**Proposal Trustee**") have performed a great deal of work to assist Cross Country and in the absence

of such additional working capital funding to date, have attempted to accommodate Cross Country's cash flow requirements in the manner in which fees have been paid to them. In the result, MLTA, PwC and the Proposal Trustee have each accumulated significant unpaid accounts receivable and work in process. For example, in the case of MLTA, the outstanding accounts to August 31 are approximately \$68,000.00. Further, there is additional work that has been performed in anticipation of the September 7 motion (and the form of Asset Purchase Agreement to be loaded into the data room for the Sale Process and other services), but not yet billed, and there will be significant additional work this week to prepare and attend at the hearing, and work to support the Sale process going forward. In addition, Cross Country requires the assistance of Ontario counsel (Chaitons LLP) ("**Chaitons**") regarding the sale of the plant in Blenheim, Ontario. Chaitons has provided certain services to date, but has not yet rendered an account to us.

16. PwC is in a similar position in respect of the accumulation of outstanding accounts and work not yet billed in respect of the Sale Process.

17. Further, there remains a considerable amount of work to complete the BIA process. In respect of MLTA (and Chaitons), for example, there remains to be addressed issues typical to a restructuring process going forward, assisting with sale matters, closing a sale transaction, and then assisting with the BIA process after that. If things go as planned, there will be additional court hearings to approve a sale, to extend the stay period, and approve a proposal.

18. For PwC, there remains considerable additional work over the course of the Sale Process. If there is a sale, then PwC is to be paid its fees from the Sale Proceeds. If not, PwC (pursuant to the FA Engagement Letter, as defined in my September 5 Affidavit) is entitled to be paid its usual hourly rates for services provided in relation to the Sale Process, which may see them with a meaningful balance outstanding and needing to be protected by the Administration Charge.

19. The Proposal Trustee also has billed and unbilled work for which it has not been paid of approximately \$10,000 outstanding to August 31, 2017. The Proposal Trustee has also engaged counsel. Further, a portion

of the Administration Charge is dedicated to the Proposal trustee for its fees in the event of a bankruptcy.

20. I believe that the professionals are critical to this process and to optimizing outcomes for stakeholders, and require appropriate protection for payment of their reasonable costs, by means of an Administration Charge.

21. I am advised by G. Bruce Taylor, of MLTA, that, subject to arrangements being made to have certain outstanding accounts paid and other weekly payment arrangements put in place, an Administration Charge of \$150,000.00 will be acceptable to MLTA, PwC and the Proposal Trustee.

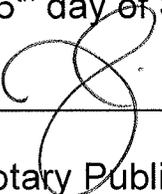
WSIB Arrears

22. To supplement information as to amounts outstanding to creditors included in my September 5 Affidavit, there is a balance of \$49,168.64 in payment arrears to Workers Safety and Insurance Board (Ontario) (“WSIB”), an organization similar to Manitoba’s Workers Compensation Board. It is not the intention of Cross Country to “prime” any lien or other

rights of WSIB in connection with the granting of charges by this Honourable Court.

23. I make this Affidavit *bona fide*.

SWORN BEFORE ME at)
the City of Winnipeg, in)
the Province of Manitoba,)
this 6th day of September, 2017)
)



A Notary Public in and for the
The Province of Manitoba



JONATHAN DOERKSEN

PRIORITY AGREEMENT

This is Exhibit "I" referred to in the

THIS AGREEMENT dated September 1, 2017.

Affidavit of JONATHAN DOERKSEN

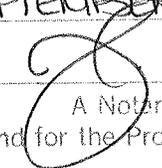
SWORN before me this 6TH day

of SEPTEMBER, A.D. 20 17.

AMONG: BUSINESS DEVELOPMENT BANK OF CANADA
("BDC")

AND: BANK OF MONTREAL
("BMO")

AND: 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING
("Customer")


A Notary Public
in and for the Province of Manitoba

WHEREAS:

- A. The Customer has granted or agreed to grant to BDC security interests in all of the Customer's present and after-acquired personal property to secure present and future debts and obligations of the Customer to BDC;
- B. The Customer has granted or agreed to grant to BMO security interests in all of the Customer's present and after-acquired personal property, to secure present and future debts and obligations of the Customer to BMO;
- C. BDC has agreed to advance a further \$250,000.00 to the Customer (the "BDC Loan") and BMO has agreed to advance a further \$250,000.00 to the Customer (the "BMO Loan") in order to aid the Customer in restructuring proceedings under the *Bankruptcy and Insolvency Act*;
- D. The parties have executed a Priority Agreement dated January 15, 2013;
- E. The parties hereto have agreed to enter into this agreement in order to confirm the respective priorities of the BDC Security and BMO Security;

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the parties hereto covenant and agree as follows:

ARTICLE 1 - CONSENT

- 1.01 BDC hereby acknowledges its consent to the creation and issue by the Customer to BMO of BMO Security and to the incurring by the Customer of the indebtedness evidenced thereby.
- 1.02 BMO hereby acknowledges its consent to the creation and issue by the Customer to BDC of the BDC Security and to the incurring by the Customer of the indebtedness evidenced thereby.

ARTICLE 2 - INTERPRETATION

- 2.02 In this Agreement, the following terms shall have the following meanings:
- (a) "BDC Security" means all registered security interests now or hereafter held by BDC in any or all of the Customer's present and after acquired real and personal property to secure present and future debts and obligations of the Customer to BDC;
- (b) "BMO Security" means all registered security interests now or hereafter held by BMO in any or all of the Customer's present and after acquired real and personal property to secure present and future debts and obligations of the Customer to BMO;

- (c) "PPSA" means the applicable *Personal Property Security Act*; and
- (d) "Secured Parties" means BDC and BMO, and a "Secured Party" means either of them and each of their respective successors and permitted assigns.

ARTICLE 3 - PRIORITIES

- 3.01 The parties confirm the Priority Agreement dated January 15, 2013 shall remain in effect.
- 3.02 The parties agree that the BDC Loan will have the same priorities as provided by the BDC Security and the Priority Agreement dated January 15, 2013, regardless of the date of advance of the BDC Loan or any priority granted by any principle of law or any statute, including the PPSA.
- 3.03 The parties agree that the BMO Loan will have the same priorities as provided by the BMO Security and the Priority Agreement dated January 15, 2013, regardless of the date of advance of the BMO Loan or any priority granted by any principle of law or any statute, including the PPSA.
- 3.04 The debtor-in-possession financing order which will be obtained by the Customer from the Court of Queen's Bench for Manitoba will give BDC the first charge on the BDC security and BMO the first charge on the BMO Security.

ARTICLE 4- GENERAL

- 4.01 The parties acknowledge that BDC has no obligation to advance the BDC Loan unless the Customer obtains a debtor-in-possession ("DIP") order from the Court of Queen's Bench for Manitoba, on the terms and conditions acceptable to BDC in its sole discretion, which grants a charge in favour of BDC as security over the present and future assets, property and undertaking of the Customer in which BDC has priority to pursuant to the BDC Security.
- 4.02 Each of the Customer, BDC and BMO shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the interests of this Agreement; provided however, that no consent of the Customer shall be necessary to any amendment of the terms hereof by BDC and BMO unless the interests of the Customer are directly affected thereby.
- 4.03 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.
- 4.04 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- 4.05 This Agreement shall be governed by and construed in accordance with the laws of the province of Manitoba.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hand(s) of their duly authorized officer(s) on the date first above written.

BUSINESS DEVELOPMENT BANK OF CANADA

Per: Valerie Leah
Valerie Leah, Director of Business Restructuring
 Per: Michael Cree
Michael Cree, Analyst Business Restructuring
5274398 MANITOBA LTD.
 Per: [Signature] President
 Per: [Signature] Treasurer

BANK OF MONTREAL

Per: [Signature]
 Per: [Signature]
RICK DONALD
ACCOUNT MANAGER
SPECIAL ACCOUNTS
MANAGEMENT UNIT
Winnipeg, MB



This is Exhibit "2" referred to in the Affidavit of JONATHAN DOERKSEN SWORN before me this 6TH day of SEPTEMBER, A.D. 20 17

A Notary Public in and for the Province of Manitoba

PRIVATE & CONFIDENTIAL

September 5, 2017

Jonathan Doerksen and/or Douglas Doerksen 5274398 Manitoba Ltd. 2, 418 South Railway Street Morden, MB R6M 2G2

RE: Debtor-in-Possession Financing

Dear Sirs,

5274398 Manitoba Ltd. ("The Borrower") has filed a Notice of Intention to Make a Proposal ("NOI") under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 (the "BIA"). The Court of Queen's Bench of Manitoba (the "Court") has jurisdiction over such proceedings. Further, Lazer Grant Inc. has been appointed as Trustee.

Based on the information provided by the Borrower and Lazer Grant Inc., Business Development Bank of Canada ("BDC") is prepared to offer the Borrower debtor-in-possession financing in the amount of \$250,000.00 (the "DIP Loan") according to the terms and conditions set forth in this letter of offer (the "Letter of Offer"). The Loan Purpose will be financing only of the day-to-day expenses of the Borrower in accordance with the cash flow projection approved and recommended by Lazer Grant Inc. attached hereto as Schedule "A" (the "Cash Flow Projection"), or in accordance with such amended cash flow projection as may be approved and recommended by Lazer Grant Inc. and approved by BDC from time to time.

Amount of Loan \$250,000.00

Authorization Date September 5, 2017

Term The term of the DIP Loan shall be that period commencing on the date of issuance of the DIP Order (as hereinafter defined) and ending on the earliest of (such ending date, the "Maturity Date"):

- (a) November 30, 2017;
(b) the effective date of a plan of arrangement for the Borrower under the BIA or CCAA and the expiry of all relevant appeal periods in relation thereto (a "Plan of Arrangement");
(c) the closing of a sale of assets conducted by the Borrower with respect to the assets located in Blenheim, Ontario;
(d) the occurrence of an Event of Default (as hereinafter defined).



Disbursement Procedure

The DIP loan shall be disbursed within two Business Days in one installment upon receipt of the DIP Order granted by the Court.

Repayment

On the Maturity Date, the Borrower shall repay the entire outstanding principal amount of the DIP Loan in full, together with any accrued interest, fees and expenses without deduction or set-off.

During the Term, the Borrower may repay any principal amount of the DIP Loan without penalty provided the minimum amount of any such repayment is no less than \$50,000. The amount of the DIP Loan shall automatically be reduced by the amount of such repayment and any repaid amount may not subsequently be reborrowed.

Interest

Interest is payable monthly, and is comprised of the BDC's Floating Base Rate plus an interest rate variance of 2.00%.

"BDC's Floating Base Rate" means the annual interest rate announced from time to time by BDC in its branches as being its floating prime rate applicable to each of the floating interest rate plans of BDC in effect at the time for the purpose of determining the floating interest rates on loans in Canadian dollars. As of the date hereof, that rate is set at 5.05% per annum so the interest rate applicable to the DIP Loan as of the date hereof would be 7.05%.

Payment of Interest

The Borrower shall pay the interest calculated monthly at the rate and in the manner set out in this Letter of Offer on the first Business Day of each month.

Security

As a specific and continuous guarantee of the performance by the Borrower of all its obligations toward BDC under the Loan Documents (including the payment of principal, interest, fees and any other sums), the Borrower agrees to grant the following security:

- (a) a Court authorized first-ranking, valid, enforceable financing charge with priority over all creditors of the Borrower, in the amount of \$250,000.00 (the "DIP Charge") charging the property, assets and undertakings of the Borrower to which BDC has a first-ranking priority over, and granted pursuant to the DIP Order (as hereinafter defined) that includes standard debtor-in-possession terms and conditions satisfactory to BDC acting reasonably, pursuant to section 50.6 of the BIA or section 11.2 of the CCAA, as the case may be, subject only to an administration charge not to exceed \$150,000.00 (the "Administration Charge"); and
- (b) all existing security held by BDC shall also stand as security for the DIP Loan.

(collectively, the "DIP Lender Security")



DIP Documentation

All documentation with respect to the DIP Loan, including the DIP Lender Security and DIP Order (as defined hereafter) (collectively, the "**DIP Loan Documentation**") shall be in form and substance acceptable to BDC as confirmed by BDC's legal counsel. All costs, charges, and expenses (including, without limitation, lawyers' fees as between solicitor and his own client on a full indemnity basis) incurred by BDC in connection with the DIP Loan Documentation are for the account of the Borrower, and are payable by the Borrower to BDC.

Representations and Warranties

The Borrower represents and warrants that it does not owe an amount in excess of \$536,600.00 on account of any payables (including but not limited to amounts payable to Canada Revenue Agency, other taxation authorities, employees, or environmental liability claims) that would be in priority to the claims of secured creditors (the "**Admitted Priority Payables**").

Conditions Precedent

Prior to any disbursement, the following conditions precedent will have been met in a manner satisfactory to BDC at its sole discretion:

- (a) the Borrower is subject to restructuring proceedings under the BIA or the CCAA, as the case may be;
- (b) the Borrower has obtained an order made by the Court (the "**DIP Order**") in form and content satisfactory to BDC, which DIP Order shall include, among other things: (a) the approval of the DIP Loan and all the terms and conditions hereof; (b) authorizing the Borrower to borrow on the terms and conditions outlined in this Letter of Offer and approving same; (c) creating various court-ordered priority charges including (i) the granting of the DIP Charge in favour of BDC as security over all present and future assets, property and undertaking of the Borrower to which BDC has a first-ranking priority over, notwithstanding the terms and conditions of any other agreement to which the Borrower is a party; (ii) the granting of the Administration Charge not to exceed \$150,000.00 without the approval of the Court; (d) prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon any of the assets, property or undertaking of the Borrower, without the prior written consent of BDC; (e) granting BDC the right, upon the Maturity Date, to enforce the rights and remedies available to it, upon three (3) Business Days written notice to the Borrower and to Lazer Grant Inc. and their respective legal counsel, pursuant to the DIP Order, this Letter of Offer, the DIP Lender Security, and any additional rights and remedies available to it, at law or in equity; (f) prohibiting any further borrowing by the Borrower, without the prior written consent of BDC; (g) authorizing (but not obligating) BDC to effect such registrations, filings and recordings wherever BDC in its discretion



deems appropriate regarding the DIP Loan Documentation including the DIP Lender Security and the DIP Charge; (h) declaring that the granting of the security by the Borrower provided for in the DIP Loan Documentation including the DIP Lender Security and the DIP Charge and the execution and delivery of all other documents and instruments contemplated herein, the payment of all amounts by the Borrower to BDC, including any and all fees and interest, and the actions taken to perfect and record the DIP Lender Security do not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, conduct meriting an oppression remedy, or other transactions which might be challenged or reviewed under applicable federal or provincial legislation; (i) declaring the DIP Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, a proposal trustee, a monitor, a receiver, an interim-receiver, a receiver-manager or any other officer of the Court each a "Receiver" (j) staying any other secured or unsecured creditor from exercising any rights against the Borrower and its property, without further order of the Court; (k) declaring BDC to be an "unaffected creditor" under any proposal under the BIA or plan of arrangement or compromise under the CCAA made by the Borrower and that the indebtedness owed to BDC shall not be compromised or arranged under such proposal or plan of arrangement or compromise; and (m) such other terms and conditions as BDC may reasonably deem necessary or appropriate;

- (c) The Borrower shall provide confirmation that they have executed a term sheet with the Bank of Montreal for an additional \$250,000.00 loan to be disbursed prior to or concurrently with BDC's \$250,000.00 DIP Loan;
- (d) the DIP Order shall be in full force and effect and shall not have been reversed, stayed, modified, amended or varied, without the express written consent of BDC; and no application or motion shall have been made to the Court for any stay, modification or amendment of the DIP Order;
- (e) no Event of Default (as hereinafter defined) shall have occurred;
- (f) BDC has received Lazer Grant Inc.'s report pursuant to subsection 50.4(2) of the BIA or subsection 23(1) of the CCAA, as the case may be, with respect to the Cash Flow Projection. The conclusions of Lazer Grant Inc.'s report shall be satisfactory to BDC;
- (g) the Borrower has paid when due all fees and expenses set out in this Letter of Offer. To this effect, the Borrower expressly and irrevocably authorizes BDC to deduct from the DIP Loan all payments which are owed or which will be owed with respect to the



fees payable to BDC and any expenses incurred by or on behalf of BDC whether in respect of the DIP Loan or any other financing provided by BDC to the Borrower. Each of the said payments shall constitute an advance under the DIP Loan and shall be considered a payment made by the Borrower;

- (h) the Borrower shall have granted the DIP Lender Security;
- (i) BDC is satisfied that the Borrower has complied, in all material respects, with the laws and regulations applicable to its business, that no security ranks in priority to the security described above other than in favour of Bank of Montreal, as has been agreed by BDC, and other than as indicated herein or by operation of the law in the normal course of business of the Borrower without the Borrower having granted such security by agreement, and that the Borrower is not in default with respect to any of the terms and conditions of the DIP Loan.
- (j) the Borrower shall have caused its legal counsel to issue a favourable opinion addressed to BDC and its legal counsel in form and substance satisfactory to them regarding the the corporate status, power and capacity of the Borrower and all matters relating to the DIP Loan as are usual and customary for a financing of this nature.

Underlying Conditions

During the Term of the DIP Loan, the following underlying conditions shall be met in a manner satisfactory to BDC at its sole discretion:

- (a) the Borrower shall only use the DIP Loan for the purposes set out in this Letter of Offer, unless otherwise agreed to in writing by BDC;
- (b) the Borrower shall comply with any order made by the Court;
- (c) the Borrower shall diligently continue its restructuring proceedings under the BIA or the CCAA;
- (d) the Borrower shall deliver a comprehensive restructuring plan (including detailed financial projections), acceptable to BDC, to BDC by November 7, 2017 or such later date as BDC may agree to;
- (e) the Borrower shall not pay any interest, dividends, salaries, remuneration, management fees or any other form of payments or distributions to the shareholders of the Borrower without the prior written consent of BDC, other than the usual remuneration of approximately \$12,500.00 per month paid to Jonathan Doerksen and approximately \$7,083.33 paid to Tim Klassen in the course of their employment;



- (f) the Borrower shall provide annual consolidated financial statements, reviewed on a review engagement basis by an accredited professional accountant acceptable to BDC, within 120 days of its fiscal year end;
- (g) the Borrower shall provide monthly internal financial statements (including balance sheet, income statement and cash flow statement) showing actual results achieved compared to projected and prior year results along with notes and management comments on variances within 20 days of its fiscal month end;
- (h) the Borrower shall comply with the financial projections set forth in the Cash Flow Projection;
- (i) the Borrower shall provide a weekly cash flow statement, on the second Business Day of each week. The weekly cash flow statement shall show actual results achieved compared to the Cash Flow Projection along with notes and management comments on variances, together with an updated forecast for the forthcoming 9 weeks;
- (j) the Borrower shall adhere to the following financial covenants, tested weekly:
 - (i) cumulative actual of total receipts for any given rolling four week period shall not vary negatively from the amount forecasted in the Cash Flow Projection for the same period by more than 15%; and
 - (ii) cumulative actual of total disbursements for any given rolling four week period shall not vary negatively from the amount forecasted in the Cash Flow Projection for the same period by more than 15%.

Notwithstanding the foregoing, BDC is entitled, in its sole and absolute discretion, to authorize in writing deviations by the Borrower from the financial covenants contained in subparagraph (j), provided that any request from the Borrower for such approval is made prior to such deviation occurring and provides BDC with reasonable time to consider such request.

- (k) the Borrower shall authorize Lazer Grant Inc. to disclose to BDC any financial or other information of which it is aware;
- (l) the Borrower shall provide written notice of an occurrence (an "Occurrence") of a default under a material contract to which the Borrower is a party which is likely to have a material adverse effect or of an Event of Default (as defined below) together with any



notice, letter or other document (a "Default Notice") received by the Borrower from a third party advising of an Occurrence, within three days of the date of the Occurrence or of receipt of the Default Notice;

- (m) the Borrower shall provide all other documents or information reasonably required by BDC, which shall be provided within a reasonable time according to the circumstances;
- (n) the Borrower shall maintain the current insurance coverage over its assets and property and designate BDC as loss payee as its interest may appear; and
- (o) the Borrower shall not sell, transfer, assign or deal in any way with any of its property, assets or undertaking out of the ordinary course of business, without the prior written consent of BDC or an order of the Court.

Events of Default

In addition to the events of default set out in the DIP Lender Security, the following events shall constitute events of default (each, an "Event of Default"):

- (a) if the Borrower fails to pay to BDC when due any amount of principal, interest, fees or other amounts under the DIP Loan or otherwise, whether by acceleration or otherwise;
- (b) if the Borrower defaults in the observance or performance of any underlying condition or covenant contained in this Letter of Offer, the DIP Lender Security or any other agreement between BDC and the Borrower;
- (c) if the Borrower deviates materially from the Cash Flow Projection; For certainty, any failure to comply with sub-paragraphs (i) and (j) of the Underlying Conditions section of this Letter of Offer shall constitute an Event of Default;
- (d) if BDC determines, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the Borrower;
- (e) if DIP Order is varied without the written consent of BDC or any other order is made which is or may be prejudicial to BDC's interests;
- (f) except for the Admitted Priority Payables, if the Borrower fails to pay, when due, any statutory liens, trusts and other Crown claims including employee source deductions, GST and any payments required by any work place safety legislation, wages, vacation pay



and insurance premiums;

- (g) if the stay of proceedings granted to the Borrower pursuant to the restructuring proceedings under the BIA or CCAA, as the case may be, is terminated or lifted; or
- (h) if any person challenges the enforceability of any of the rights of BDC hereunder or pursuant to any of the DIP Lender Security and any such challenge has not been dismissed or determined by the Court within the BIA or CCAA proceedings, as the case may be, within 15 days.

Remedies

Upon the Maturity Date, BDC may immediately terminate the DIP Loan and enforce, upon three (3) Business Days written notice to the Borrower and Lazer Grant Inc., all of its rights and remedies against the Borrower and its property, assets and undertaking including, without limitation, the enforcement of the DIP Lender Security and the ability to apply to the Court for the appointment of a Receiver; and all amounts outstanding under the DIP Loan shall immediately become due and payable without further notice, demand or delay.

Other Conditions

This Letter of Offer does not affect novation of the terms, conditions and obligations of the Borrower with respect to the rights, security and recourses of BDC with respect to any other financing previously granted to the Borrower. The Borrower hereby acknowledges that all the rights, security and recourses given previously to BDC are not modified and remain in full force and effect with respect to the advances previously granted and that BDC retains all its rights.

The standard credit terms which are set out in Schedule "B" attached hereto form an integral part hereof and if there is any inconsistency between the terms set out in Schedule "B" and this Letter of Offer, this Letter of Offer shall govern.

Indemnification

The Borrower agrees to indemnify and hold BDC harmless from and against any and all claims, losses, obligations, liabilities, claims, actions or causes of action, and reasonable costs and expenses incurred, suffered, sustained or required to be paid by BDC by reason of or resulting from the DIP Loan, this Letter of Offer, and the transactions and documents contemplated by this Letter of Offer, except to the extent resulting from the gross negligence or willful misconduct of the BDC as determined by a court.

Loan Processing Fee

The Borrower agrees to pay a non-refundable Loan Processing Fee in the amount of \$3,750.00 which Loan Processing Fee is fully earned as of the date of acceptance of this Letter of Offer and payable in full as of the date of the first disbursement of the DIP Loan.



Administration Fee	The Borrower agrees to pay a non-refundable monthly Administration Fee in the amount of \$500.00 payable on the first disbursement of the DIP Loan and monthly thereafter on the first Business Day of each month.
Other Costs	In addition, any and all costs, charges, and expenses (including, without limitation, lawyers' fees as between solicitor and his own client, on a full indemnity basis, as well as accounting, appraisal, environmental and consulting fees) incurred by BDC in connection with the restructuring proceedings, the DIP Loan, the DIP Loan Documentation, the DIP Lender Security, the DIP Order, the DIP Charge, any proposal, the enforcement of any rights and remedies regarding the aforementioned and the restructuring of the Borrower including, are for the account of the Borrower. Such costs shall be paid out of the disbursement of the DIP Loan as and when they become due and shall be secured by the DIP Lender Security.
Governing Law	This Letter of Offer as well as the interpretation and exercise of the recourses hereunder shall be subject to and governed by the laws of the Province of Manitoba and the laws of Canada applicable therein.
Information	The Borrower authorizes BDC to obtain credit and other information about it from any financial institution, credit agency or credit bureau.
Further Assurances	Upon notice from BDC, the Borrower shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as BDC may reasonably require to give effect to this Letter of Offer and the financing contemplated hereunder.
Amendments	This Letter of Offer may only be amended by a written agreement signed by BDC and the Borrower.
Counterparts	This Letter of Offer may be signed in any number of counterparts and by facsimile or portable electronic document format, each of which when taken together shall constitute one and the same original document.
Expiry Date	This Letter of Offer shall become null and void if it is not accepted by 9 a.m. (Calgary time) on September 7, 2017.



Thank you for giving us the opportunity to discuss our ability to meet your financing requirements. We look forward to continuing to work with you.

Yours truly,

A handwritten signature in black ink that reads "Valerie Lock". The signature is written in a cursive style.

Valerie Lock
Director, Business Restructuring

A handwritten signature in black ink that reads "Mark Kearn". The signature is written in a cursive style.

Mark Kearn
Assistant Vice President, Business Restructuring

ACCEPTANCE

To: Business Development Bank of Canada
Business Restructuring
110, 444 – 7th Avenue SW
Calgary, Alberta T2P 0X8

Attention: Valerie Lock

We certify that all the information provided to BDC is true, we accept the terms set forth herein and we acknowledge receipt of a copy of this Letter of Offer and the schedules forming part thereof.

We further acknowledge that today we paid BDC a sum of \$3,750.00 for the non-refundable loan processing fee related to the Loan. The said non-refundable loan processing fee does not create any right in favour of the Borrower and does not require BDC to make any disbursement of the Loan, as such rights and obligations can only be generated to the extent that the terms and conditions set out herein are met to the complete satisfaction of BDC.

Accepted in the City of WINNIPEG on SEPTEMBER 6th, 2017.

5274398 MANITOBA LTD.

Per: 
Name: JONATHAN DOERKSEN
Title: PRESIDENT

Schedule "A"
CASH FLOW PROJECTION

5274398 MANITOBA LTD. O/A
CROSS COUNTRY MANUFACTURING
Statement of Projected Cashflow for the
period of Aug 28, 2017 - Oct 27, 2017

	Notes	Aug 28-Sep 1	Sep 4-8	Sep 11-15	Sept 18-22	Sep 25-29	Oct 2-6	Oct 9-13	Oct 16-20	Oct 23-27
BMO LINE OF CREDIT	1	3,460,705	3,410,651	3,194,282	3,135,564	3,054,064	3,249,029	3,231,160	3,233,625	3,351,942
Cash Receipts										
Sales	3	536,000	500,000	600,000	600,000	600,000	650,000	650,000	525,000	650,000
Rental, GST refunds and Scrap metal		4,019					5,000			5,000
BMO & BDC Additional Financing	2		250,000	250,000						
Total Cash Receipts		540,019	750,000	850,000	600,000	600,000	655,000	650,000	525,000	655,000
Cash Disbursements										
Bank Fees					4,000				4,000	
BDC - interest only	4	22,500		22,500				22,500		
Plant Payroll Morden	5	83,500		100,000		100,000		100,000		100,000
Plant Payroll Blenheim	5	83,500		100,000		100,000		100,000		100,000
Office payroll Morden	5		18,000		18,000		18,000		18,000	
Office payroll Blenheim	5		10,000		10,000		10,000		10,000	
Health & Education Tax				7,000				7,000		
Source deductions current payroll	5			70,000		85,000	85,000		85,000	
Freight & Warehouse Expenses	6	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Suppliers - trailer parts	6	234,000	400,000	400,000	400,000	436,000	436,000	369,000	436,000	436,000
Vehicle lease payments		1,465		1,465		1,465		1,465		1,465
Insurance IFS & Intact				22,817					22,817	
Workers Compensation MB							15,000			
Provincial sales tax MB					4,000					4,000
Employee Benefits					15,000				15,000	
Hydro & Gas - Morden			10,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Hydro & Gas - Ontario			10,000			20,000				20,000
Ontario Workers Compensation			16,000				16,000			
Telephone, Internet and cells			2,700				2,700			2,700
Water & Sewage			500				500			500
RCAP - equipment lease			671				671			671
Blue Chip Server lease			760				760			760
Professional fees	7	40,000	40,000	40,000	40,000	25,000	25,000	25,000	25,000	25,000
Total Cash Disbursements		489,965	533,631	791,282	518,500	794,965	637,131	652,465	643,317	718,596
BANK OF MONTREAL - LINE OF CREDIT		3,410,651	3,194,282	3,135,564	3,054,064	3,249,029	3,231,160	3,233,625	3,351,942	3,415,538

5274398 Manitoba Ltd.

o/a Cross Country Manufacturing

Per:

Notes to the Statement of Projected Cashflow

1 The Bank of Montreal ("BMO") line of credit limit is \$3,500,000.

2 BMO and BDC have each agreed to finance \$250,000 in new loans to assist the company during the restructuring.

3 Sales are based on management's best estimates of the quantity of units that can be produced with current inventory levels and the line of credit available. Trailers are completed and payment is generally received within 2-3 days of delivery.

Cross Country has been unable to source product from its premium suppliers due to insufficient cashflow. The NOI combined with the additional funding provided by BMO & BDC will permit Cross Country to return to buying from premium suppliers.

4 During the NOI period, the Business Development Bank of Canada will only receive interest payments on its loans.

5 Payroll has been calculated based on management's best estimate of the current staff complement and the hours being worked to complete production orders.

6 Suppliers - trailer parts & Freight costs are based on management's best estimates of the product needs of production, the ability to source from premium suppliers and the related additional freight costs to complete the transfer.

All purchases post NOI are being made on a COD basis including any purchases from related parties.

7 Professional fees of MLT Aikins, PWC and Lazer Grant Inc. are estimated based on the fees expected during the reporting period.

Schedule "B"

Standard Credit Terms

1. INTERPRETATION

1.1 Definitions.

Unless indicated otherwise or unless context requires otherwise, the terms and expressions used as definitions in the Agreement, its schedules and any related documents which are incidental thereto shall have the meaning indicated below:

1.1.1 **"Agreement"** means this offer of Interim restructuring financing and its schedules, where applicable, as amended from time to time;

1.1.1(A) **"Borrower"** means the Borrowers identified in the Letter of Offer to which this Schedule "B" is attached and forms an integral part hereof;

1.1.2 **"Business Day"** means any day, other than a Saturday or Sunday, on which BDC is open for business in the Province of Manitoba;

1.1.3 **"Change of Control"** means the sale, assignment or transfer of Control of a corporation or any written or verbal agreement resulting in the control of a corporation or entity being transferred to another;

1.1.4 **"Control"** means the direct or indirect holding of more than fifty percent (50%) of the Voting Shares of a corporation;

1.1.5 **"Default"** means an event of default pursuant to sections 9 and 10 below;

1.1.6 **"Dollars" or "\$"** means the lawful money of Canada;

1.1.7 **"Environmental Laws"** means all applicable federal, provincial, state, municipal, local and foreign laws and regulations respecting pollution or the environment (including, without limiting the generality of the foregoing, laws and regulations relating to the emission, discharge, spill or risk of spill of chemicals, pollutants, contaminants, waste, toxic substances, oil, oil products and other substances affecting the environment, or relating to the manufacturing, transformation, distribution, use, treatment, storage, removal, transportation or handling of chemicals, pollutants, contaminants, waste, dust, toxic substances, oil, oil products and other substances affecting the environment);

1.1.8 **"Environmental Permits"** means all permits, licences, certificates, certificates of authorization, approvals, authorizations, consents, written agreements and registrations issued, granted or signed by any Government Authority having jurisdiction under any Environmental Law;

1.1.9 **"GAAP"** means generally accepted accounting principles in Canada as recognized or established by the Canadian Institute of Chartered Accountants, as they may be amended from time to time, applied consistently;

1.1.10 **"Government Authority"** means Canada, the Provinces of Ontario and Manitoba and any other country, state or province, and any other regional, municipal or local subdivision or other country, state or province and any

government body of such jurisdiction and includes any agency, department, commission, bureau, ministry, organization, etc.;

1.1.10(A) **"Guarantor"** means the Guarantors Identified in the Letter of Offer to which this Schedule "B" is attached and forms an integral part hereof;

1.1.11 **"Loan"** means all amounts of principal, interest, costs, incidentals and all other sums owed to BDC under the Loan Documents;

1.1.12 **"Loan Documents"** means the letter offering Debtor-In-Possession financing (the Agreement), the Security and all other documents related to the Loan, as such documents may be amended from time to time;

1.1.13 **"Material Adverse Effect"** refers to the occurrence or non-occurrence of any event or series of events which has or could have a material adverse effect on the activities, assets, liabilities, financial situation, operating results or business prospects of the Borrower [or the Guarantor] or on the ability of the Borrower [or the Guarantor] to perform its obligations pursuant to the Loan Documents;

1.1.14 **"Security"** means, individually or collectively, all acts, documents and agreements (including any amendment, substitution or replacement thereof, as well as any act, document or agreement necessary to complete and confirm the security in accordance with the *Civil Code of Québec* or, as the case may be, under any law of another Government Authority having jurisdiction) entered into or to be entered into between the Borrower (and the Guarantor) and BDC to guarantee the repayment of the Loan and the obligations of the Borrower relating thereto (including, without limitation, those set forth in the Loan Documents);

1.1.15 **"Subsidiary"** means a legal person of which more than fifty percent (50%) of the Voting Shares are held beneficially, directly or indirectly, by or on behalf of another legal person;

1.1.16 **"Voting Shares"** means the shares of any class in the capital stock of a corporation conferring in all circumstances the right to elect the majority of the directors thereof.

1.2 **Headings.** The headings are for ease of reference only and shall not affect the interpretation of this Agreement.

1.3 **Recitals and schedules.** The recitals and schedules form an integral part hereof.

1.4 **Accounting terms.** Every accounting term used in this Agreement has the meaning generally ascribed to it according to GAAP unless another definition is given herein and any reference to an item on a balance sheet or statement shall be construed according to its presentation in the appropriate statements prepared according to GAAP as amended from time to time by any accounting standard adopted by the Canadian Institute of Chartered Accountants.

1.5 **Singular and plural.** In this Agreement, the singular includes the plural and vice versa, and "person" or

"persons" includes an individual, firm, corporation, government, government organization or agency, unincorporated group of persons or association. The information to be provided in the schedules hereof shall be provided according to the definitions, terms and conditions of this Agreement.

2. LOAN

2.1 The obligation of the Borrower to pay the Loan may, at the option of BDC, be witnessed by one or more notes, which shall be given to BDC in recognition of receipt of the funds, not as payment of this Loan.

2.2 BDC shall not be required to disburse the Loan if the pre-disbursement conditions are not met or if the Borrower is in Default under the Loan Documents or if a circumstance arises which could lead to a Material Adverse Effect.

2.3 BDC may cancel any portion of the Loan which is undisbursed on the Maturity Date (as defined in the Letter of Offer).

3. USE OF PROCEEDS OF LOAN

3.1 No change shall be made in the use of the Loan or the proposed financing without the prior written consent of BDC.

3.2 The Borrower shall bear all risks of superior force, so that the obligations of the Borrower under the Loan Documents may not be reduced or cancelled, even in the case of superior force.

4. INTEREST

4.1 **Interest rate.** The Loan or any unpaid balance thereof shall bear interest, before and after maturity and before and after default and judgement, until it is repaid in full.

4.2 **Calculation of interest.** The interest payable on the Loan shall be calculated and compounded monthly and not in advance on the unpaid principal as of the date of the first disbursement of the Loan before and after maturity and before and after default and judgement.

4.3 **Interest on amounts not repaid when due.** Any amount of principal, costs or interest payable hereunder which is not repaid when due shall bear interest during the period in which such amount remains unpaid at the annual interest rate indicated for the Loan calculated daily and compounded monthly, the whole until payment in full and payable on demand (the "Interest Arrears").

4.4 **Late payment interest.** The Interest Arrears shall bear interest and the additional interest thereon which is not paid when due shall bear interest at the annual interest rate indicated for the Loan calculated delay and compounded monthly, the whole until payment in full and payable on demand. Any other amount which is not paid when due shall bear interest at the same rate and the interest shall be calculated and paid in the same manner as interest on the principal which is not outstanding.

4.5 **Reduction of interest.** If the aggregate amount of costs payable as interest, Interest Arrears and additional interest and all other costs paid or payable in connection

with the loan (collectively, the "Costs") constitutes at any time whatsoever the application of an actual annual interest rate which exceeds the limit permitted under an applicable law, the Costs shall be reduced so that the costs paid or payable do not exceed the ceiling allowed under such law. BDC shall reimburse any surplus which was paid thirty (30) days after setting the amount of the repayment.

5. REPAYMENT

5.1 **Loan not renewable.** No amount repaid on the Loan may be borrowed again.

5.2 **Advance repayment.** The Borrower may repay the Loan in advance at any time without notice and without indemnity.

6. DEBITS AND AUTOMATIC WITHDRAWAL

6.1 The Borrower hereby authorizes BDC to manually or electronically withdraw from its bank account any payment which the Borrower must make to BDC hereunder.

6.2 Any payment to be made by the Borrower hereunder will be made by way of pre-authorized withdrawal from its bank account. The Borrower shall sign all the documents necessary for such purposes and shall provide BDC with a sample cheque from its financial institution marked "void".

6.3 The Borrower agrees that the repayment of any amount owed hereunder may be made by cheque if BDC considers this means of payment preferable under the circumstances.

7. UNDERTAKINGS

7.1 **Undertakings to be complied with by the Borrower (and the Guarantor, where applicable).** As of the date hereof, the Borrower (and the Guarantor) agrees that the following undertakings shall be complied with as long as the Borrower owes any amount whatsoever to BDC hereunder or otherwise, and the Borrower (and the Guarantor) acknowledges that BDC is relying on such undertakings for the purposes hereof:

7.1.1 The Borrower (and the Guarantor) shall, at its own expense, insure all its assets including the property charged with the Security, and keep it insured at all times against the risk of loss or damage caused by theft, fire and any other risk which is normally insured or for which a prudent administrator would insure, or for which BDC requires insurance, the whole up to its full insurable value, on the terms and with insurers acceptable to BDC. Each insurance policy shall provide that it may not be terminated for any reason whatsoever or become void before thirty (30) days' prior written notice is given to BDC. BDC is hereby designated as beneficiary of the indemnities payable under each insurance policy (except with respect to civil liability), and the Borrower (and the Guarantor) shall have such designation indicated on the policies. If BDC so requests, the Borrower (and the Guarantor) shall assign to BDC the policies or indemnities payable thereunder or ensure that each policy contains a hypothecary clause acceptable to BDC. The Borrower (and the Guarantor) shall provide to BDC, at its request, proof of payment of the premiums and a copy of each policy. The Borrower (and the Guarantor) further agrees to renew or replace any policy before it

expires and to provide written confirmation from the insurer within twenty-four (24) hours of such renewal or replacement. The Borrower (and the Guarantor) shall give BDC a copy of such renewal or replacement as soon as possible. If the Borrower (and the Guarantor) fails to set up such insurance or keep it in effect, BDC may, but shall not be required to, take out such insurance in its name or in the name of the Borrower (and the Guarantor), and the premiums or Costs paid or Incurred by BDC in this regard shall become due and payable by the Borrower (and the Guarantor) to BDC forthwith, with interest as set out herein. The Borrower (and the Guarantor) shall notify BDC forthwith of any damage or loss suffered by the property. If the Borrower (and the Guarantor) does not maintain insurance in accordance with the above requirements, BDC may take out insurance to protect its interests and the Borrower (and the Guarantor) shall pay the premiums therefor.

7.1.2 The Borrower (and the Guarantor) shall keep its accounting books and records up to date according to GAAP;

7.1.3 The Borrower (and the Guarantor) agrees to make its remittances to the Government Authorities as required by law. The Borrower shall confirm that the amounts were paid to each Government Authority by means of documents prepared by its external accountant which shall be sent to BDC along with the annual financial statements. In addition, the Borrower agrees to sign a standard consent form allowing BDC to obtain information about the said remittances;

7.1.4 The Borrower (and the Guarantor) shall ensure that any Subsidiary or other person, partnership or affiliate complies with and agrees to comply with the undertakings set out herein;

7.1.5 The Borrower shall deal on a business basis and "at arm's length" with any person;

7.1.6 The Borrower shall notify BDC forthwith of any Default or event which, following a notice or the expiry of a time limit, could constitute a Default and send BDC a copy of any Default or Default notice received from any other authority having jurisdiction;

7.1.7 The Borrower shall disclose to BDC forthwith any lawsuit or proceeding before a court of law or tribunal, commission or Government Agency to which it is a party;

7.1.8 The Borrower (and the Guarantor) shall comply at all times with the laws governing it;

7.1.9 The Borrower shall conduct itself in a socially and politically responsible manner at all times;

7.1.10 The Borrower shall maintain its operations;

7.1.11 The Borrower shall use the Loan made available hereunder for the purposes hereof;

7.1.12 The Borrower shall pay all costs incurred by BDC to exercise its rights hereunder, including those allowing the enforcement of all the obligations of the Borrower to protect, execute or preserve any Security granted to guarantee the Loan or have the assets of the Borrower (and the Guarantor) appraised at the request of BDC, including all legal costs,

charges or other legal expenses, and the costs and fees of an agent, trustee or otherwise;

7.1.13 The Borrower (and the Guarantor) shall allow any representative of the BDC, upon prior notice to the Borrower (and the Guarantor), to enter the premises of the Borrower during normal business hours and examine therein, at the expense of BDC, the books, physical facilities and stock of the business and obtain a copy of any document.

7.2 **Decisions requiring the prior consent of BDC.** No decision, resolution, action or settlement affecting the following matters relating to the Borrower (and the Guarantor, where applicable) as well as any Subsidiary or affiliate may be taken or made without having first obtained the consent of BDC, which may not refuse to give its consent without valid reason:

7.2.1 any amendment of the articles of the Borrower (and the Guarantor);

7.2.2 the winding up or voluntary liquidation of the Borrower (and the Guarantor), as well as its consolidation or amalgamation with any other person, business or corporation;

7.2.3 any payment of dividends by the Borrower (or the Guarantor), the redemption of shares in its capital stock or any other form of distribution of its assets;

7.2.4 any change in the nature of the business activities of the Borrower (or the Guarantor);

7.2.5 a change of the fiscal year-end of the Borrower (or the Guarantor);

7.2.6 the creation of a hypothec or security of any nature whatsoever charging the property of the Borrower (or the Guarantor) covered by the Security;

7.2.7 any direct or indirect change of Control of the Borrower (or the Guarantor);

7.2.8 any loans or advances to employees or shareholders of the Borrower (or the Guarantor) outside the normal course of business and any loan or advance to any person outside the normal course of business;

7.2.9 the acquisition of any business (through a purchase of shares or assets) by the Borrower (or the Guarantor);

7.2.10 the signing by the Borrower (or the Guarantor) of any contract outside the normal course of business;

7.2.11 any capital expenditures, including lease-to-buy contracts outside the normal course of business;

7.2.12 the moving of a substantial part of its activities;

7.2.13 the creation of a Subsidiary;

7.2.14 take out any form of borrowing other than to the extent allowed herein;

7.2.15 make repayments of capital in favour of its shareholders or make any other form of repayment of debts

with respect to its secured creditors not provided for in the cash flow statement;

7.2.16 assign or otherwise dispose of all or part of its assets without the prior written consent of BDC.

7.3. **Environment.** The Borrower (and the Guarantor) agrees and undertakes: to comply with all applicable Environmental Laws; to operate in conformity with all Environmental Laws and regulations; to make certain that its assets are and shall remain free of environmental damage; to inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; to pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority;

7.4 **Prohibited activities.** The Borrower (and the Guarantor) agrees and undertakes not engage in, or permit its premises to be used by a tenant or other person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

a) businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;

b) businesses that operate as stand-alone nightclubs, bars, lounges cabarets, casinos, discotheques, video arcades pool and billiard halls, and similar operations; or

c) businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 7.4 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Loan Party.

8. REPRESENTATIONS AND WARRANTIES

As of the date hereof, the Borrower (and the Guarantor) represents and warrants to BDC as follows and acknowledges that BDC is relying on such representations and warranties for the purposes hereof:

8.1 **With respect to corporate status:**

8.1.1 The Borrower (and the Guarantor) is a validly constituted and organized corporation, in good standing with the laws governing it, and holds all the powers necessary to carry on its business and to hold, manage and administer its property, and have full ability to bind itself toward BDC hereunder and under the Loan Documents signed by it;

8.1.2 all necessary authorizations and approvals have been given by the Borrower (and the Guarantor), their shareholders, administrators, business partners, creditors or other persons whose authorization is required for the signing

of the Loan Documents, the whole in accordance with the articles, by-laws and resolutions of the Borrower (and the Guarantor) and in accordance with the constituting act and other applicable laws;

8.1.3 the articles and by-laws of the Borrower (and the Guarantor) given to BDC this day are those in effect as of the date hereof and there is no undertaking providing for their amendment.

8.2 **Loan Documents.** The representations and warranties set forth in the Loan Documents are complete and accurate.

8.3 **Effects of representations and warranties.** The representations and warranties set out herein shall remain in effect until repayment in full of the Loan and any other amount owed to BDC under the Loan Documents.

9. DEFAULT AND RECOURSE PRIOR TO DISBURSEMENT OF THE LOAN

9.1 **Default.** The Borrower (and the Guarantor) shall be in default if:

9.1.1 any of the representations and warranties herein or in the schedules hereto and in the Loan Documents is found to be erroneous, inaccurate or false;

9.1.2 any of the pre-disbursement conditions is not met;

9.1.3 a Material Adverse Change with respect to the Borrower (or the Guarantor) has occurred, in the opinion of BDC;

9.1.4 The projections set forth in the cash flow statement are not met or complied with;

9.1.5 The audited annual financial statements or the internal monthly financial statements of the Borrower reflect a deterioration of the financial situation of the Borrower [or of the Guarantor] in comparison with the financial situation when the loan was authorized;

9.1.6 the due diligence is not to the complete satisfaction of BDC, including the statement of prior claims, such as deductions at source and constructive trusts;

9.1.7 the Borrower (or the Guarantor) does not take any action or do not sign any document considered necessary or useful by BDC to give full effect hereto and to the Loan Documents;

9.1.8 the Borrower (or the Guarantor) fails to comply with the terms and conditions set out herein and in the Loan Documents.

9.2 **Recourse.** In the event of any Default prior to the disbursement of all or part of the Loan, BDC reserves the right not to disburse the Loan in accordance with the terms hereof.

10. DEFAULT AND RECOURSE

Notwithstanding any provision to the contrary contained herein and even if the terms have been complied with, BDC reserves the right, at its discretion, to terminate the Loan or any undisbursed portion thereof or to postpone the

disbursement and terminate any moratorium on the repayment of principal, and the Borrower (and the Guarantor) agrees to repay, upon request, all or part of the amounts disbursed on the Loan, with interest, Costs and accessories, in the following cases:

10.1. any Court order lifting or modifying the protection or suspension of the recourses against the Borrower or any of its assets;

10.2 any other Court order granting a recourse or a right to a creditor to any security ranking before or *pari passu* with BDC;

10.3 any Court order amending the Loan or the restructuring process undertaken by the Borrower under the CCAA or BIA, as applicable, without the prior consent of BDC;

10.4 the failure by the Borrower (or the Guarantor) to pay interest or Costs which are owed hereunder or to repay the principal when due;

10.5 If any representation or warranty found herein, in the Security documents or in any other document or certificate provided to BDC by the Borrower (or the Guarantor) is incorrect, erroneous or inaccurate;

10.6 The Borrower (or the Guarantor) is in breach or terminate any material undertaking or obligation in the opinion of BDC;

10.7 If the Borrower (or the Guarantor) makes an assignment of its property, is placed under receivership pursuant to BIA, or if it is under a liquidation order under BIA or any other statute to the same effect;

10.8 if the Borrower (or the Guarantor) does not maintain its legal existence;

10.9 if there is a Change in Control of the Borrower or in the ultimate Control of the Borrower which has not received the prior written consent of BDC;

10.10 if the Borrower (or the Guarantor) fails to fulfil any of its undertakings stipulated herein;

10.11 if, at any time, any Security ceases for any reason whatsoever to be in effect, have full effect and keep the ranking it should have in accordance herewith and the Loan Documents, whether or not BDC has been informed;

10.12 if any of the events of Default provided for hereunder occurs with respect to the loan(s) granted to the Borrower by BDC which is not covered by the restructuring process, and the Borrower further acknowledges that a Default hereunder or under the Loan Documents shall also constitute a Default within the meaning of its other loans;

10.13 In all cases of Default, there will be loss of the benefit of the term and BDC may move up the date the Loan is due or terminate the Loan and declare the amount owed to it in principal on the Loan and any accrued interest, Costs and accessories thereon, as well as any indebtedness of the Borrower toward BDC hereunder and under the Loan Documents, to be due and payable immediately, in which case the Borrower shall pay BDC forthwith all amounts owed

or payable under the Loan, failing which BDC may exercise all its recourses hereunder or under any guarantee held by BDC, as it sees fit without further notice to the Borrower with the exception of the notices required by law; in addition, BDC or its assigns shall have the right to exercise all its recourses and the rights available to it, without any control on the part of the Borrower, but BDC shall not be required to realize such guarantee or exercise any such right or recourse and shall not be responsible for any loss which may be caused by such decision not to exercise such recourse. The Borrower shall indemnify BDC for any loss or expense which BDC may suffer or incur due to any delay in the payment of the Loan or any portion thereof or any accrued interest thereon or any other amount owed hereunder or resulting from a Default including, without limiting the generality of the foregoing, any cost, loss or expense incurred by BDC due to the Default of the Borrower.

10.14 In all cases of Default, BDC may also refuse to advance the Borrower any portion of the Loan which has not been advanced to the Borrower.

10.15 No notice or formal demand shall be required (unless provided for herein or under the Security) nor shall have to be given to the Borrower or, as the case may be, to the Guarantor, by BDC for the purpose of putting the Borrower and, as the case may be, the Guarantor in default, and the Borrower and, as the case may be, the Guarantor shall be in Default by the mere passage of the time given for the performance of an obligation constituting a Default under the Loan Documents or by the occurrence of an event constituting a Default under the Loan Documents, to the extent allowed by law.

10.16 If a Default occurs, BDC may incur and pay any reasonable sum for services rendered (including professional fees and the fees of agents) with respect to the realization, payment, sale, transfer, delivery or payment to be made with respect to any guarantee referred to herein and may deduct such sums as fees and disbursements from the proceeds of realization of the securities. The balance of any proceeds may be withheld by BDC and may, at the option of BDC, be applied to any indebtedness of the Borrower toward BDC, without prejudice to any other right or recourse of BDC. Any expense incurred or sum paid by BDC in order to realize, maintain or preserve any security referred to herein given by the Borrower to BDC hereunder or by law shall bear interest at the interest rate provided in the Loan until the date the said sum is paid.

10.17 BDC may grant extensions, take and give releases of any security and deal in any manner with the Borrower or any other party with respect to the guarantees given to BDC as BDC wishes and without prejudice to any rights of BDC with respect to the securities given and without reducing the responsibility of the Borrower toward BDC.

10.18 The rights and recourses of BDC hereunder are cumulative and are in addition to, and not a substitute for, those granted to it by Law. The partial exercise or the exercise of only one of such rights and recourses by BDC for a Default or breach of any term, undertaking, condition or agreement found herein shall not modify, affect or impair any other right or recourse to which BDC may be entitled under the Law for the same Default or breach; no waiver by BDC of the strict observance, performance or compliance with a term, undertaking, condition or agreement found herein or

any accommodation granted by BDC shall be deemed to be a waiver with respect to any subsequent Default or breach.

11. GENERAL

11.1 The Borrower shall not have the right to assign or transfer the rights granted to it hereunder. Any assignment in breach of this paragraph shall, in addition to constituting a Default hereunder, cancel any undertaking of BDC to disburse any portion of the Loan which has not been advanced.

11.2 BDC shall keep records of the transactions made under the Loan. Such registers shall be deemed to reflect such transactions and the amount of the Loan used by the Borrower and shall constitute, in the absence of manifest errors, *prima facie* evidence of the date and amount of any disbursement to the Borrower and the total amounts paid by

the Borrower in principal and interest on the disbursements, costs and other amounts payable hereunder.

11.3 The Borrower shall take any action and sign any document necessary to give full effect to the terms hereof.

11.4 The Borrower agrees to a public announcement being made in the form of a press release by BDC.

11.5 The Borrower (and the Guarantor) authorize BDC to communicate with their accountants and auditors and to ask them, on their behalf, to give BDC financial information and to give BDC the financial statements of the Borrower (and the Guarantor) as soon as they are prepared. In addition to the documents and information indicated above, BDC may require the opinion of an independent and competent auditor.

Letter of Agreement

BMO  Bank of Montreal

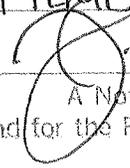
335 Main Street
Winnipeg, Manitoba
R3C 1C2

September 01, 2017

5274398 MANITOBA LTD.
2-418 SOUTH RAILWAY ST,
MORDEN, MANITOBA R6M 2G2

Attention: Jonathan Doerksen and Douglas Doerksen

This is Exhibit "3" referred to in the
Affidavit of JONATHAN DOERKSEN
SWORN before me this 6TH day
of SEPTEMBER, A.D. 20 17


A Notary Public
in and for the Province of Manitoba

LETTER OF AGREEMENT

Bank of Montreal ("BMO") is pleased to advise that it has authorized the following credit Facilities for **5274398 MANITOBA LTD.** (each, a "Facility" and collectively, the "Facilities") on the terms and conditions outlined in this Letter of Agreement. The Schedules listed below and attached form part of this Letter of Agreement.

Notwithstanding any other provision of this Letter of Agreement or in any applicable agreements, any Advance under any Facility hereunder will be made at BMO's sole discretion. Any unutilized portion of any Facility hereunder may be cancelled by BMO at any time without prior notice.

In this Letter of Agreement, certain capitalized terms are defined in Schedule A hereto. Please refer to Schedule A for the meaning of such terms.

Borrower(s): 5274398 MANITOBA LTD.
(the "Borrower")

Guarantor(s): DOUGLAS P. DOERKSEN, JONATHAN DOERKSEN, TIM KLASSEN,
(the "Guarantor(s)")

Total Facility Limit: The total approved amount of all facilities shall not exceed \$3,950,000.00 at any time.

Facility # 1	
Facility Authorization:	\$250,000.00
Type of Loan:	Demand Loan Non-Revolving
Purpose:	Working Capital
Interest Rate:	<p>Prime Rate plus 4%. Interest is calculated monthly in arrears, and payable monthly, on the last day of each month. The Prime Rate in effect as of September 01, 2017 is [2.95]%. Note: interest on Advances subject to the Prime Rate shall be calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.</p>
Repayments:	<p>Repayable on demand, provided that until demand is made by BMO: Interest paid monthly. Principle due in full on or before November 15, 2017 Any payments to be paid on a non-business day may, at BMO's discretion, be deemed to have been received on the next succeeding business day for purposes of calculating interest thereon.</p>
Currency:	CAD
Maximum Amortization:	3 months
Facility # 2	
Facility Authorization:	\$3,500,000.00
Type of Loan:	Operating Demand Loan
Purpose:	Operating Financing
Interest Rate:	<p>Prime Rate plus 2%. Interest is calculated monthly in arrears, and payable monthly on the last day of each month. The Prime Rate in effect as of September 01, 2017 is 2.95%. Note: interest on Advances subject to the Prime Rate shall be calculated on the basis of the actual number of days elapsed over a</p>

	year of 365 or 366 days, as the case may be.
Repayments:	Repayable on demand
Currency:	CAD
Facility Fee:	\$300.00 per month
Other Costs:	<p>BMO is not obliged to permit the Advances under this Facility to exceed the Facility Authorization.</p> <p>In the event the Advances under this Facility exceeds the Facility Authorization, the excess will bear interest at the Overdraft Rate, which is currently 21% per annum. BMO shall also be entitled to charge the Borrower a fee of 1% calculated on the amount of excess over the Facility Authorization or \$100, whichever is greater and a \$5 overdraft handling charge per item that creates or increases the excess.</p>
	Facility # 3
Type of Loan:	Settlement Risk Product
Purpose:	To facilitate the utilization of hedge, wire or electronic funds transfer products.
Availability:	Through BMO's Capital Market Treasury Desk
Terms, Conditions and Fees:	Subject to specific agreements. Subject to availability.

Conditions Precedent to Advances:

BMO will not be required to make any advance to the Borrower unless and until each of the conditions set out below and in Schedule C has been completed to BMO's satisfaction

1. Receipt of satisfactory legal opinions relating to all matters considered relevant by BMO including, without limitation, the due authorization, execution, delivery and enforceability of the Loan and Security documentation by and against the Borrower and each Guarantor, if any.
2. Receipt of all documents and legal opinions required by BMO with respect to the beneficial (true) owner of the Mortgaged Property and the charge of such interest delivered by such owner to BMO.
3. Receipt of satisfactory Environmental Review, Compliance Certificate and Indemnity for Mortgaged Property executed by the Borrower in favour of BMO [on file].
4. Receipt of satisfactory evidence of compliance with all applicable building and zoning by-laws and building and fire codes with regard to the use, occupancy and construction of Mortgaged Property.
5. Receipt of Municipal tax certificate confirming all property taxes have been paid to date on Mortgaged Property.
6. Receipt of satisfactory appraisal of 1 Solvay Drive, Blenheim, ON and 418 Railway Street, Morden, MB from an appraiser or agrologist satisfactory to BMO confirming a minimum market value of \$5,400,000 [ON FILE], together with a letter by the appraiser or agrologist addressed to BMO confirming that BMO may rely on the appraisal for financing purpose .

Covenants:

As long as any Advance remains outstanding under or in connection with this Letter of Agreement, or so long as this Letter of Agreement remains in effect, the Borrower and any Guarantor will perform and comply with the covenants set out in Schedule D.

Financial Covenants:

In addition, the Borrower and each Guarantor, as applicable, will perform and comply with the following financial covenants, based on financial statements of the Borrower or applicable Guarantor:

Maintain a Debt to Tangible Net Worth less than or equal to 2.5:1

Debt to Tangible Net Worth = $\frac{\text{Debt}}{\text{TNW}}$

Debt = (Long Term Debt + Short Term Debt + Current Maturities + Off Balance Sheet Liabilities)

TNW = Book Value of the shareholder's equity + loans from shareholders subordinated in favour of BMO - Intangibles

Intangibles = (goodwill + amounts due from officers and non-arm's-length entities + long term investments + leasehold improvements + future income tax + patents + other such assets classified as "intangible" by BMO)

Maintain a Debt Service Coverage (DSC) ratio greater than or equal to 1.25:1

DSC = $\frac{\text{Net Income} + \text{Interest} + \text{Depreciation} + \text{Amortization}}{\text{Current Portion of Long Term Debt} + \text{Interest} + \text{Non-Discretionary Dividend}}$

(Current Portion of Long Term Debt + Interest + Non-Discretionary Dividend)

Maintain a Current ratio greater than or equal to 1.25:1

Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

- 1) D/TNW IS NO GREATER THAN 2.5:1 AS TESTED ANNUALLY AT YEAR END.
- 2) CURRENT RATIO TO REMAIN AT OR ABOVE 1.25:1 AS TESTED ANNUALLY AT YEAR END.
- 3) DEBT SERVICE COVERAGE IS TO REMAIN AT OR ABOVE 1.25X, AS TESTED ANNUALLY AT YEAR END.

Security:

Each of the following documents, instruments, agreements and other assurances (collectively, the "Security") shall be delivered to BMO prior to any advance of funds, in form and substance acceptable to BMO and its solicitors, acting reasonably:

1. Insurance on a "Fire and Extended Coverage" or "All Risks" basis must be arranged (with satisfactory evidence thereof delivered to BMO) satisfactory to BMO for the full insurable or replacement value with loss payable to BMO. The policy is to contain the Standard Mortgage Clause. A copy of the policy is to be provided
2. Assignment of all Inventory via Section 427 of the Bank Act
3. General Assignment of Book Debts over all Canadian and US domiciled receivables
4. \$1,000,000.00 Personal guarantee from DOUGLAS DOERKSEN, TIM KLASSEN & JONATHAN DOERKSEN
5. \$14000,000.00 Personal guarantee from DOUGLAS DOERKSEN, TIM KLASSEN & JONATHAN DOERKSEN
6. Registered first-ranking [All Indebtedness/Collateral Mortgage,] in the amount of \$4,000,000.00 registered over [1 Solvay Drive, Blenheim, ON and 418 Railway Street, Morden, MB] (the "Mortgaged Property") with appropriate enabling resolutions and documentation
7. Title insurance from [FCT Mortgage Loan Insurance] in respect of [1 Solvay Drive, Blenheim, ON and 418 Railway Street, Morden, MB] (the "Mortgaged Property") naming BMO as beneficiary
8. Registered General Security Agreement ("GSA")/Moveable Hypothec ("Hypothec") providing BMO with a security interest/hypothec over all present and after-acquired personal/movable property of the

Borrower with a First ranking for Inventory/Warehouse Receipts, Machinery and Equipment

Any other documents, instruments or agreements as may be required by BMO, acting reasonably

Reporting Requirements:

Annual	(MINIMUM REVIEW ENGAGEMENT) ACCOUNTANT PREPARED FINANCIAL STATEMENTS NO LATER THAN 120 DAYS POST YEAR-END. UPDATED PERSONAL FINANCIAL STATEMENTS FROM EACH OF THE GUARANTORS AT ANNUAL REVIEW.
Monthly	AGED ACCOUNTS RECEIVABLE AND PAYABLE LISTS, AS OF THE 25TH OF EVERY MONTH INVENTORY LIST ALONG WITH SIGNED LF151 IN HOUSE BALANCE SHEET, INCOME AND EXPENSE STATEMENT reflecting month over month and Year to Date values.

A \$50 per month fee will be applied for non compliance with reporting requirements. The application of this fee does not waive the default condition.

Prompt notification of management letters, default notices, litigation, and any other material events

Satisfactory evidence that all taxes (including, without limitation, GST, HST, sales tax, withholdings, etc.) have been paid to date

Representations and Warranties:

The Borrower and each Guarantor, as applicable, makes the representations and warranties set out in Schedule E. All representations and warranties of the Borrower and any Guarantor, in addition to any representation or warranty provided in any document executed in connection with a Facility or any Security, shall be true and correct on the date of this Letter of Agreement and on the date of any Advance under a Facility.

Events of Default:

Each of the events set out in Schedule F shall constitute an event of default in respect of this letter of agreement and each of the facilities. The inclusion of these events of default shall not in any way affect the right of BMO to make demand for payment at any time under any facility that is stated to be a demand facility.

Upon the occurrence of any Event of Default, in addition to any remedies available to BMO pursuant to the Security (i) BMO may accelerate the payment of principal and interest under, and cancel any undrawn portion of, any Facility, (ii) the ability of the Borrower to obtain further Advances under any Facility under this Letter of Agreement shall immediately terminate, (iii) BMO may, by written notice to the Borrower, declare the Advances outstanding under any Facility to be immediately due and payable, and (iv) BMO may review the pricing of any Facility. The rights of BMO on the occurrence of an Event of Default shall not limit any of its other rights under or in connection with this Letter of Agreement or any of the Facilities to terminate or demand payment of, or cancel or restrict the availability of any unutilized portion of, any demand or other discretionary Facility made available under this Letter of Agreement.

Other Fees:

A one-time fee ("Fee") of \$ 2500 is payable by the Borrower to BMO upon acceptance of this Letter of Agreement. This fee is deemed to be earned by BMO upon acceptance of this Letter of Agreement, to compensate for time, effort and expense incurred by BMO in authorizing these Facilities.

Credit renewal fees will be payable as advised by BMO annually

All fees payable under this Letter of Agreement shall be paid on the dates due, in immediately available funds, to BMO. Fees paid shall not be refundable except in the case of manifest error in the calculation of any fee payment.

Banking Services:

The Borrower shall maintain its bank accounts, solely with BMO.

Cash Management Services:

BMO will provide Non-Credit and Cash Management Banking Services to the Borrower. BMO's commercial On-Line Banking for Business platform (OLBB) will be implemented at a cost of \$20.00 per month upon opening of Current Account(s). BMO's Cash Management Specialist will contact the Borrower at the time of account opening to discuss optional Cash Management features such as Electronic Funds Transfer (EFT), Electronic Wire Payments and Deposit Edge Service. The BMO's objective is to provide a package of services that are tailored to meet both the current and future needs of the Borrower and that are provided in a cost efficient operating environment.

Governing Law:

Province or Territory of Manitoba and the federal laws of Canada applicable therein.

Schedules:

The following Schedules are attached to and form part of this letter of agreement:

Schedule A – Definitions

Schedule B – General Terms & Conditions

Schedule C – Conditions Precedent to Advances

Schedule D – Covenants

Schedule E – Representations and Warranties

Schedule F – Events of Default

BMO's Legal Counsel: [Pitblado LLP]

In accepting this Letter of Agreement you acknowledge that if, in the opinion of BMO, a material adverse change in risk occurs including, without limitation, any material adverse change in the financial condition, business, property or prospects of the Borrower or any Guarantor, the rights and remedies of BMO, or the ability of the Borrower or any Guarantor to perform its obligations to BMO, any obligation to advance some or all of the above Facilities may be withdrawn or cancelled.

Please indicate your acceptance of the terms and conditions hereof by signing and returning one copy of this Letter of Agreement (and making payment of the above noted fee, if applicable) to BMO no later than [12:00] p.m. (Central Standard time) on September 7, 2017. If your acceptance of this Letter of Agreement is not received by BMO by that date, BMO shall not be required to proceed with any of the Facilities.

Yours truly,
BANK OF MONTREAL

By: [Signature]
Name: RICK DONALD
Title: SAMU Account Manager

Accepted and agreed to this _____ day of _____, 20____

BORROWER(S)

If signed by corporation or other entity (e.g. partnership):
5274398 MANITOBA LTD.
(Name of Entity)

By: [Signature]

Name: JONATHAN DOERKSEN

Title: PRESIDENT

By: [Signature]

Name: Douglas Doerksen

Title: TREASURER

GUARANTOR(S)

Witness [Signature]

Name: BRUCE TAYLOR

[Signature]

Name: DOUGLAS P. DOERKSEN

Witness [Signature]

Name: BRUCE TAYLOR

[Signature]

Name: JONATHAN DOERKSEN

Witness _____

Name _____

Name: TIM KLASSEN

SCHEDULE A - DEFINITIONS

Advances:	Each borrowing by the Borrower and any reference to the amount of Advances shall mean the aggregate principal amount of all outstanding Advances
Bankers' Acceptances	An instrument denominated in Canadian dollars, reflecting a discounted obligation to pay the face amount of such instrument at maturity. Bankers' Acceptances are drawn by the Borrower and accepted by BMO in accordance with this Letter of Agreement, and includes a "depository bill" within the meaning of the Depository Bills and Notes Act (Canada) and a bill of exchange within the meaning of the Bills of Exchange Act (Canada).
Business Day:	Any day that is not a Saturday, Sunday or other day on which BMO is authorized or required by applicable law in the applicable Province or Territory to remain closed.
Mortgaged Property	Includes the real/immovable property described in this Letter of Agreement and in any Mortgages/Hypothec, all appurtenances thereto and all estates and interests therein, and includes all buildings, plant, machinery, crops, erections and improvements, fixed or otherwise, present or future, built, grown, placed or put thereon including all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, hay racks, barn fixtures, milking machine equipment, water tanks, pumps and windmills, water bowls and pipes, feed boxes, litter carriers and tracks, mobile homes affixed to the real property, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings, all apparatus and equipment appurtenant thereto, and all other fixtures and accessions of any kind or nature.
Overdraft Rate	The annual rate of interest established from time to time by BMO as the interest rate it will use to calculate the interest payable on overdrawn accounts and designated by BMO as the "Overdraft Rate".
Prime Rate:	On any day, the annual rate of interest established by BMO and in effect on such day as the reference rate used to determine the rate of interest charged on Canadian dollar loans to commercial customers in Canada, and designated by BMO as its "Prime Rate".
US Base Rate	On any day, the annual rate of interest established by BMO and in effect on such day as the reference rate used to determine the rate of interest charged on U.S. dollar loans to commercial customers in Canada, and designated by BMO as its "US Base Rate".

SCHEDULE B - GENERAL TERMS AND CONDITIONS

Assignment:	This Letter of Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns. The Borrower shall not assign any of its rights or obligations hereunder without the prior written consent of BMO. BMO may assign all or part of its rights or obligations under this Letter of Agreement or in respect of any Facility or any Security to any person.
Confidentiality:	The Borrower and each Guarantor agrees that, without the prior written consent of BMO, it shall not provide this Letter of Agreement to, nor discuss the terms and structure of this offering with, any party other than its employees, lawyers and financial advisors (but not commercial lenders). The Borrower and each Guarantor consents to the release of information provided to BMO in connection with this Letter of Agreement and the Facilities to BMO Financial Group business groups, affiliates and subsidiaries for the purpose of assisting BMO in supporting the Borrower with its strategic plans.
Conflicts:	All terms and conditions of BMO's usual and customary security documents and supporting documents shall be deemed to be incorporated in and form part of this commitment. In the event of any conflict or inconsistency between this Letter of Agreement and the terms of any security or supporting document given in connection with this Letter of Agreement, any Facility or the Security, the terms of the Security shall prevail.
Entire Agreement; Waivers; Severability; Amendments:	This Letter of Agreement supersedes and replaces all prior discussions, letters and agreements (if any) describing the terms and conditions of the facilities contained in this Letter of Agreement. This Letter of Agreement does not, however, serve to operate as a novation. To the extent necessary, BMO reserves all of its rights in respect of any security that has previously been granted to secure the obligations with respect to the Facilities. The failure of BMO to require performance by the Borrower or any Guarantor of any provision of this Letter of Agreement shall in no way affect the right thereafter to enforce such provision; nor shall the waiver by BMO of any breach of any covenant, condition or proviso of this Letter of Agreement be taken or held to be a waiver of any further breach of the same covenant, condition or proviso. If any provision of this Letter of Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision and the remainder of this Letter of Agreement shall continue in full force and effect. No change or modification of this Letter of Agreement is binding upon the parties unless it is in writing and signed by all parties.
Evidence of Debt:	The Borrower acknowledges that the actual recording of the amount of any advance or repayment under the Facilities, and interest, fees and other amounts due in connection with the Facilities, in the accounts of the Borrower maintained by BMO, shall constitute prima facie evidence of the Borrower's indebtedness and liability from time to time under this Letter of Agreement; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with this Letter of Agreement shall not be affected by the failure of BMO to make such recording.
Expenses:	All costs and expenses incurred by BMO in establishing, documenting and operating the Facilities (including, but not limited to, legal, appraisal and consulting fees and costs) and in connection with the enforcement of the loan documentation are for the account of the Borrower and the Borrower agrees to pay the same in full whether or not this transaction is completed as contemplated herein.
Increased Costs, Taxes, Risks, etc.	The Borrower will reimburse any costs BMO incurs in performing its obligations under the Facilities resulting from any change in law, including any reserve or special deposit requirement or any tax or capital requirement or any change in the compliance of BMO therewith, that has the effect of increasing the cost of funding to BMO or reducing the effective return on its capital. All loan repayments shall be

Indemnification	made free and clear of any present and future taxes, withholdings or any other deductions. Upon the occurrence of any event which is deemed, in BMO's sole discretion, to increase risk to BMO in respect of any Facility, BMO may review the pricing of any Facility. The Borrower and each Guarantor jointly and severally (solidarily) agree to indemnify BMO from and against any and all losses, claims, damages and liabilities arising from activities under or contemplated under this Letter of Agreement, any Facility or the Security other than those arising solely as a result of BMO's gross negligence or wilful misconduct.
Joint and Several:	Where more than one person is liable as Borrower or Guarantor for any obligation under or in connection with this Letter of Agreement, then the liability of each such person for such obligation is joint and several (solidary) with each other such person.
Judgment Currency:	If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Letter of Agreement, it becomes necessary to convert into a particular currency (the " Judgment Currency ") any amount due under this Letter of Agreement in any currency other than the Judgment Currency (the " Currency Due "), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which BMO is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its principal office in Toronto, Ontario. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by BMO of the amount due, the Borrower will, on the date of receipt by BMO, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by BMO on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by BMO is the amount then due under this Letter of Agreement in the Currency Due. If the amount of the Currency Due which BMO is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower and each Guarantor jointly and severally (solidarily) agree to indemnify BMO from and against any and all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Letter of Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by BMO from time to time and shall continue in full force and effect notwithstanding any judgment or order in respect of an amount due under this Letter of Agreement or under any judgment or order.
Language:	It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.
Notice provision:	Any notice or other communication required or permitted to be given to a party under this Letter of Agreement shall be in writing and may be delivered personally or sent by mail to (i) the address for BMO provided on the first page of this Letter of Agreement, if sent to BMO, (ii) the address for the Borrower provided on the first page of this Letter of Agreement, if sent to the Borrower, and (iii) the address for a Guarantor contained in BMO's records, if sent to a Guarantor. A notice or other communication delivered personally shall be deemed received when delivered to the receiving party, if delivered on a Business Day, and on the next Business Day following otherwise, and a notice or other communication delivered by mail shall be deemed received on the fifth Business Day after sending.
Review:	BMO retains the right to review the Facilities at any time and at least annually.

SCHEDULE C - CONDITIONS PRECEDENT TO ADVANCES

1. Evidence of corporate (or other) status and authority
2. Completion and registration (as applicable) of all Security (defined herein) and other supporting documents
3. Completion of all facility documentation and account agreements and authorities, as applicable
4. Compliance with all representations and warranties contained herein
5. Compliance with all covenants (financial and non financial) contained herein
6. No Event of Default (defined herein) shall have occurred and be continuing
7. Compliance with all laws (including environmental)
8. Payment of all fees and expenses
9. Receipt of all necessary material governmental, regulatory and other third party approvals including environmental approvals and certificates
10. Satisfactory due diligence (including, without limitation, anti-money laundering, proceeds of crime and "know your customer" requirements and procedures, environmental and insurance due diligence)
11. Repayment of all existing indebtedness (excluding permitted indebtedness), as applicable
12. Satisfactory review by BMO (or, at BMO's option and the Borrower's expense, an insurance consultant) of insurance policies issued to the Borrower(s) and/or the Guarantor(s) and compliance with any changes required to satisfy BMO's insurance requirements
13. Disclosure of all material contingent obligations
14. Confirmation that no shares of the Borrower held by the principal shareholders have been pledged as security for any financial or other indebtedness
15. Corporate taxes of the Borrower and corporate/personal taxes of the Guarantor(s) are to be confirmed current and up-to-date
16. Satisfactory evidence that all other taxes payable by the Borrower and Guarantor(s) (including, without limitation, GST, HST, sales tax, and withholdings) have been paid to date
17. No material judgments or material legal action initiated against the Borrower and/or any Guarantor(s)
18. Any other document or action which BMO may reasonably require

SCHEDULE D - COVENANTS

1. Payment of all indebtedness due in connection with this Letter of Agreement or any Facility
2. Maintenance of corporate existence and status, if applicable
3. Payment of all taxes when due (including, without limitation, corporate, GST, HST, sales tax and withholdings)
4. Compliance with all laws, regulations and applicable permits or approvals (including health, safety and employment standards, labour codes and environmental laws)
5. Compliance with all material agreements
6. Maintenance of property and assets in good working condition
7. Use of proceeds to be consistent with the approved purpose
8. Notices of death of Borrower or Guarantor, default, material litigation, and regulatory proceedings to be provided to BMO on a timely basis
9. Access by BMO to books and records; BMO to have right to inspect property to which its security applies
10. No assumption of additional indebtedness or guarantee obligations by Borrower without prior written consent of BMO
11. No liens or encumbrances on any assets except with the prior written consent of BMO
12. No change of control or ownership without the prior written consent of BMO
13. No disposition of property or assets (except in the ordinary course of business) without the prior written consent of BMO
14. No material acquisitions, hostile takeovers, mergers or amalgamations without BMO's prior written approval
15. The Borrower will not, without the BMO's prior written consent, enter into any material lease or amend any material lease.
16. The Borrower will not, without the BMO's prior written consent, request or accept any prepayments of rent pursuant to any Lease except for the last month's rent

SCHEDULE E - REPRESENTATIONS AND WARRANTIES

1. It has the corporate status, power and authority to enter into this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party, and to perform its obligations hereunder and thereunder
2. It is in compliance with all applicable laws (including environmental laws) and its existing agreements
3. Except as otherwise disclosed to BMO in writing, no consent or approval of, registration or filing with, or any other action by, any governmental authority is required in connection with the execution, delivery and performance by it of this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party
4. All factual information that has been provided to BMO for purposes of or in connection with this Letter of Agreement or any transaction contemplated herein is true and complete in all material respects on the date as of which such information is dated or certified
5. No event, development or circumstance has occurred that has had or could reasonably be expected to have a material adverse effect on the business, assets, operations or condition, financial or otherwise, of the Borrower or any Guarantor
6. There is no material litigation pending against it or, to its knowledge, threatened against or affecting it
7. It has timely filed or caused to be filed all required tax returns and reports and has paid or caused to be paid all required taxes
8. It has good and marketable title to its properties and assets including ownership of and/or sufficient rights in any material intellectual property.
9. It has complied with all obligations in connection with any pension plan which it has sponsored, administered or contributed to, or is required to contribute to including, without limitation, registration in accordance with applicable laws, timely payment of all required contributions or premiums, and performance of all fiduciary and administration obligations
10. It maintains insurance policies and coverage that provides sufficient insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons in the same or a similar business
11. It is not in default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under any loan, credit or security agreement, or under any material instrument or agreement, to which it is a party

SCHEDULE F - EVENTS OF DEFAULT

1. Failure to pay any interest, principal, fees or other amounts due in connection with this Letter of Agreement or any of the Facilities
2. Breach by the Borrower or any Guarantor of any covenant or agreement under or in connection with this Letter of Agreement or any of the Facilities
3. The occurrence of an event of default under any document executed in connection with a Facility or any of the Security
4. Inaccurate or false representations or warranties made by the Borrower or any Guarantor under or in connection with this Letter of Agreement
5. The Letter of Agreement or any document executed in connection therewith or in connection with a Facility or the Security is repudiated by the Borrower or any Guarantor or is no longer in force and effect
6. The Borrower or any Guarantor (i) becomes insolvent, (ii) is unable generally to pay its debts as they become due, (iii) makes a proposal in bankruptcy or files a notice of intention to make such a proposal, (iv) makes an assignment in bankruptcy, (v) brings a court action to have itself declared insolvent or bankrupt, or another person brings an action for such a declaration, or (vi) defaults under any payment obligation to another creditor or breaches any agreement with another creditor in respect of a payment obligation
7. A material adverse change occurs in the financial condition, business, property or prospects of the Borrower or any Guarantor, as determined by BMO
8. Death of Borrower or any Guarantor, if such Borrower or Guarantor is an individual.
9. Change of ownership or control occurs without BMO's prior consent
10. A material judgment is made against the Borrower or any Guarantor by any court of competent jurisdiction and such judgment is not either (i) actively and diligently appealed and execution thereof stayed, or (ii) paid or otherwise satisfied, in each case within 30 days of the rendering of such judgment

C0003 WINNIPEG MAIN OFFICE MAN 335 MAIN ST WINNIPEG, MB R3C1C2

Branch

On demand I promise to pay to the order of Bank of Montreal the sum of Two hundred fifty thousand 00/100 Dollars and to pay interest Monthly at a rate of 4.00 per cent per annum above the Bank of Montreal's prime interest rate per annum in effect from time to time, up to and after maturity, compounded monthly from the due date of such interest until actual payment at the above mentioned branch of the Bank of Montreal. At the date of this note such prime interest rate per annum is 2.95 per cent. Value received.

FOR INTERNAL BANK USE ONLY

Credit Deposit Account No.	Loan Account No.	Initials
2610-1028-518		

5274398 MANITOBA LTD.

Jonathan Doerksen
Authorized Signatory

Douglas Doerksen
Authorized Signatory

This is Exhibit "4" referred to in the

Affidavit of JONATHAN DOERKSEN

SWORN before me this 6TH day

of SEPTEMBER, A.D. 20 17

Tel. (204) 956 0560

Fax (204) 957 0227

E-mail firm@pitblado.com

Reply to:

Douglas G. Ward

Direct (204) 956 3534

ward@pitblado.com

Via Email

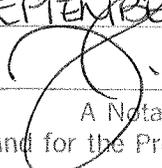
September 6, 2017

MLT Aikins LLP
30th Floor - 360 Main Street
Winnipeg, MB R3C 4G1

Attention: Bruce Taylor

Dear Sir:

**Re: Bank of Montreal (the "Bank") Financing to
5274398 Manitoba Ltd. ("Cross Country")**


A Notary Public
in and for the Province of Manitoba

File No. 638.380

Thank you for your emails of September 6, 2017 sent at 9:13 am and 10:14 am.

We are in agreement with almost, if not all, of the comments/suggestions that you made in your emails aforesaid. However, rather than amending the Letter of Agreement, it was my suggestion, with which you agreed, that I would confirm by this letter the agreement of the Bank to the suggestions you made aforesaid. Following the same order as is contained in your email aforesaid, I would like to make the following comments and confirmations, namely:

1. That the "Total Facility Limit" is \$3,950,000.00. Of that amount, \$200,000.00 is represented by an EFT (Electronically Funded Transfer) Facility which is currently showing a \$0.00 balance;
- 2(a). That there is no need for further opinions referred to in "1" and "2".
- 2(b). That the mortgages have been registered. The documentation referred to in "4" and "5" is not required. The Bank was aware of the outstanding real property taxes.
3. That the Bank understands that Cross Country is not currently complying with the Financial Covenants described on page 4. The Bank was aware that Cross Country is insolvent and that it has sought the protection of *The Bankruptcy and Insolvency Act* (Manitoba);
4. That each of the security documents described on page 4 are already on file with the Bank;
5. That as to "6" on page 4, the Bank mortgage is second ranking;

6. That as to "8" on page 4, the Bank has a first ranking security over all of the assets, property and undertaking of Cross Country with the exception of the real property and the equipment;
7. That the Bank was aware that there is approximately \$370,000.00 currently owing to CRA;
8. That the additional \$250,000.00 from BDC has been consented to;
9. That the Bank is fully aware that some of the reps and warranties may not be accurate. However, it is the Bank's expectation and hope that once the property in Blenheim, Ontario is sold and the proceeds of sale distributed that Cross Country will soon be able to comply with the reps and warranties; and
10. That the Bank is aware that Cross Country is in default of certain of the Events of Default which are described in Schedule "F". As I indicated in the previous paragraph, it is the Bank's expectations that once the Blenheim property has been sold and the proceeds distributed, that Cross Country will no longer be in default.

Further, it is the Bank's expectation that the DIP charge will be ordered by the Court in respect of these matters.

As to the matter of the admin charge, I am awaiting the advice of Mr. Sutherland on behalf of BDC. Once I have heard back from Mr. Sutherland in that regard, I will be in touch.

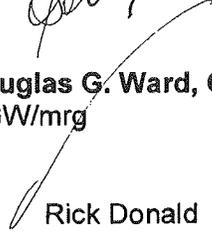
I hope that the foregoing confirmations from the Bank satisfy your enquiries. If you have further questions or concerns with respect to this matter, do not hesitate to contact me immediately.

Yours truly,

PITBLADO LLP

per: 

Douglas G. Ward, Q.C.
DGW/mrg

cc:  Rick Donald
Ian Sutherland