

## TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

ETAS ID: TM606898

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
READY EDUCATION (CANADA) INC.		02/05/2020	Corporation: QUEBEC
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	BDC CAPITAL INC.		
<b>Street Address:</b>	5 Place Ville-Marie, Suite 100		
<b>City:</b>	Montreal		
<b>State/Country:</b>	CANADA		
<b>Postal Code:</b>	H3B 2G2		
<b>Entity Type:</b>	Financial Institution: CANADA		
<b>PROPERTY NUMBERS Total: 1</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Serial Number:</b>	88098699	READY EDUCATION	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>			
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
<b>Phone:</b>	14187811829		
<b>Email:</b>	fdamours@dsavocats.ca		
<b>Correspondent Name:</b>	Frédérique D'Amours		
<b>Address Line 1:</b>	580, Grande-Allée Est, bureau 400		
<b>Address Line 4:</b>	Québec, CANADA G1R 2K2		
<b>NAME OF SUBMITTER:</b>	Frederique DAmours		
<b>SIGNATURE:</b>	/Frederique DAmours/		
<b>DATE SIGNED:</b>	11/04/2020		
<b>Total Attachments: 40</b>			
source=2020-11-04 Notice USPTO#page1.tif			
source=2020-11-04 Notice USPTO#page2.tif			
source=Item 12 Hypothec - Borrower#page1.tif			
source=Item 12 Hypothec - Borrower#page2.tif			
source=Item 12 Hypothec - Borrower#page3.tif			

OP \$40.00 88098699

source=Item 12 Hypothec - Borrower#page4.tif  
source=Item 12 Hypothec - Borrower#page5.tif  
source=Item 12 Hypothec - Borrower#page6.tif  
source=Item 12 Hypothec - Borrower#page7.tif  
source=Item 12 Hypothec - Borrower#page8.tif  
source=Item 12 Hypothec - Borrower#page9.tif  
source=Item 12 Hypothec - Borrower#page10.tif  
source=Item 12 Hypothec - Borrower#page11.tif  
source=Item 12 Hypothec - Borrower#page12.tif  
source=Item 12 Hypothec - Borrower#page13.tif  
source=Item 12 Hypothec - Borrower#page14.tif  
source=Item 12 Hypothec - Borrower#page15.tif  
source=Item 12 Hypothec - Borrower#page16.tif  
source=Item 12 Hypothec - Borrower#page17.tif  
source=Item 12 Hypothec - Borrower#page18.tif  
source=Item 12 Hypothec - Borrower#page19.tif  
source=Item 12 Hypothec - Borrower#page20.tif  
source=Item 12 Hypothec - Borrower#page21.tif  
source=Item 12 Hypothec - Borrower#page22.tif  
source=Item 12 Hypothec - Borrower#page23.tif  
source=Item 12 Hypothec - Borrower#page24.tif  
source=Item 12 Hypothec - Borrower#page25.tif  
source=Item 12 Hypothec - Borrower#page26.tif  
source=Item 12 Hypothec - Borrower#page27.tif  
source=Item 12 Hypothec - Borrower#page28.tif  
source=Item 12 Hypothec - Borrower#page29.tif  
source=Item 12 Hypothec - Borrower#page30.tif  
source=Item 12 Hypothec - Borrower#page31.tif  
source=Item 12 Hypothec - Borrower#page32.tif  
source=Item 12 Hypothec - Borrower#page33.tif  
source=Item 12 Hypothec - Borrower#page34.tif  
source=Item 12 Hypothec - Borrower#page35.tif  
source=Item 12 Hypothec - Borrower#page36.tif  
source=Item 12 Hypothec - Borrower#page37.tif  
source=Item 12 Hypothec - Borrower#page38.tif



QUEBEC  
 MONTREAL  
 TORONTO  
 VANCOUVER  
 OTTAWA  
 PARIS  
 LYON  
 BORDEAUX  
 LILLE  
 BRUSSELS  
 MILAN  
 REUNION  
 BARCELONA  
 MADRID  
 STUTTGART  
 BUENOS AIRES  
 SANTIAGO  
 LIMA  
 DAKAR  
 BEIJING  
 SHANGHAI  
 GUANGZHOU  
 SINGAPORE  
 HO CHI MINH CITY

November 4, 2020

**By Electronic Assignment System**

**UNITED STATES PATENT AND TRADEMARK OFFICE**

Mail Stop Assignment Recordation Services  
 Director of the USPTO  
 P.O. Box 1450  
 Alexandria VA, 22313-1450

Subject: Hypothec on Movable Property for Present and Future Obligations (Lien) granted by Ready Education (Canada) Inc. ("**Conveying Party**") in favour of BDC Capital Inc. ("**Receiving Party**")  
 Our File: 5088/26

Madam,  
 Sir,

Please find enclosed herewith a copy of the Hypothec on Movable Property, corporeal and incorporeal, Present and Future Obligations (\$3 000,000.00) executed on February 5, 2020 by and between the Receiving Party and the Conveying Party (the "**Security Agreement**").

Under the terms of the enclosed Security Agreement, the Conveying Party granted a hypothec (lien) in favour of the Receiving Party on all of its Trademarks and on all the Trademarks Applications duly registered with the United States Patent and Trademark Office under the name and registration number described hereinafter (the "**Trademark**"):

Name	<i>Trademark Registration Number/ Application Number</i>
<b>READY EDUCATION</b>	88098699

Receiving Party

Mr. Nicolas Beaudet  
**BDC CAPITAL INC.**  
 5 Place Ville-Marie  
 Suite 100  
 Montreal, Quebec, H3B 2G2

DS LAWYERS CANADA LLP

580 Grande Allée East, Suite 400  
 Québec (QC) G1R 2K2, Canada  
 T: 1 418 780-4321  
 F: 1 418 353-1791

1080 côte du Beaver Hall, # 2100  
 Montréal (QC) H2Z 1S8, Canada  
 T: 1 514 360-4321  
 F: 1 514 284-3235

8 King Street East, #1804  
 Toronto (ON) M5C 1B5, Canada  
 T: 1 647 477-7317  
 F: 1 416 214-1374

543 Granville Street, #800  
 Vancouver (BC) V6C 1X8, Canada  
 T: 1 604 669-8858  
 F: 1 604 669-8857

150 Metcalfe Street, Suite 1401  
 Ottawa (ON) K2P 1P1, Canada  
 T: 1 613 319-9997  
 F: 1 613 903-6002

[www.dsavocats.com](http://www.dsavocats.com)

**TRADEMARK**  
**REEL: 007096 FRAME: 0578**

Debtor/Registered Owner of Trademark

**Ready Education (Canada) Inc.**

1259, Berri Street, Suite 700  
Montreal, Province of Quebec, H2L 4C7

We hereby request that the Security Agreement be recorded against the aforementioned Trademarks and/or Trademarks Applications and confirmation of same be returned to the undersigned.

We trust you will find the whole in order and would ask you to communicate with the undersigned should you have any questions or require further documentation with respect to the above and the enclosed.

Yours very truly,

*Frédérique D'Amours*  
Frédérique D'Amours  
Lawyer

[fdamours@dsavocats.ca](mailto:fdamours@dsavocats.ca)  
1-418-780-4321  
Encl.

**HYPOTHEC ON MOVABLE PROPERTY  
FOR PRESENT AND FUTURE OBLIGATIONS**

**A P P E A R E D:**

**BDC CAPITAL INC.**, a wholly-owned subsidiary of Business Development Bank of Canada, duly constituted in accordance with the *Canada Business Corporations Act*, having a place of business in the City of Montreal at 5 Place Ville-Marie, Suite 100, Province of Quebec, H3B 2G2, herein acting and represented by Nicolas Beaudet, its Director, Growth & Transition Capital and Benoit Mignacco, its Managing Director, Growth & Transition Capital, hereunto duly authorized by a resolution of its sole shareholder, Business Development Bank of Canada, adopted on the 28<sup>th</sup> day of June, 2016, themselves represented by Kim Toffoli, of the law firm DS Lawyers Canada L.L.P., pursuant to a power of attorney under private seal dated 9<sup>th</sup> day of January, 2020; the certified extract of the resolution and the power of attorney are appended hereto as Schedule "A";

*The notice of address of BDC Capital Inc. is registered at the Personal and Movable Real Rights Registry Office under number 034336.*

("BDC Capital")

**A N D:**

**READY EDUCATION (CANADA) INC.**, a legal person duly incorporated having its head office located at 1259 Berri Street, Suite 700, in Montreal, Province of Quebec, H2L 4C7, represented hereto by Danial Jameel, its President, duly authorized hereto by resolutions of the Board of Directors and shareholders, certified copies of which are appended hereto as Schedule "B";

(the "Debtor")

**WHO HAVE DECLARED AND AGREED AS FOLLOWS:**

**I. THE SECURED OBLIGATIONS**

The hypothec and security interest in this agreement are granted to secure all obligations, present and future, direct or indirect, absolute or contingent, matured or not, whether incurred alone or with any other person, in whatever capacity, as borrower, investee, guarantor or otherwise, of the Debtor towards BDC Capital (the "Secured Obligations").

Without limiting the generality of the foregoing, the Secured Obligations include, without limitation, all obligations incurred by the Debtor under or as a consequence of the following documents, as well as any renewals, replacements, additions or modifications, substitutions or reformulations made to them, where required:

- i. The Letter of Offer of Financing and its schedules issued by BDC Capital in favour of the Debtor on December 18, 2019 (the "Letter of Offer").

A copy of the Letter of Offer is attached hereto as Schedule "C" to have effect as if stated herein at length.

- ii. Any other letter of offer, loan or credit agreement or any other document of similar nature, in relation to any other loan granted by BDC Capital to the Debtor from time to time;
- iii. Any guarantee granted from time to time by the Debtor to BDC Capital; and
- iv. The present deed.

## II. HYPOTHEC

1. To secure the performance and payment of the Secured Obligations, the Debtor hypothecates and creates a security interest in the following property (the "mortgaged property") for the sum of three million Canadian dollars (\$3,000,000.00), with interest at the rate of twenty-five percent (25%) per annum from the date hereof. The terms "mortgaged property" also include the property described in paragraph 2.

### DESCRIPTION OF PROPERTY

The universality of all of the Debtor's movable property, corporeal and incorporeal, present and future, of whatever nature and wherever situated.

2. The following property, to the extent that it is not already included in the description in paragraph 1 above, is also charged by the hypothec and security interest constituted hereunder:
  - a) the proceeds of any sale, lease or other disposal of the property described in paragraph 1 hereinabove, any debt resulting from such sale, lease or other disposal, as well as any property acquired to replace the mortgaged property;
  - b) any insurance or expropriation proceeds payable in respect of the mortgaged property;
  - c) the principal and income of the mortgaged property as well as any rights, accessories and intellectual property attached to the mortgaged property;
  - d) where the property described in paragraph 1 hereinabove includes shares or securities, all other shares and securities issued in replacement of these shares or securities; and
  - e) all deeds, titles, documents, records, registers, invoices and books of account evidencing the mortgaged property or relating thereto.

III. ADDITIONAL HYPOTHEC

To secure the payment of interest not already secured by the hypothec created in Article II and to further secure the performance and payment of the Secured Obligations hereunder, the Debtor hypothecates all of the property described or referred to in Article II for an additional amount equal to twenty percent (20%) of the principal amount of the hypothec created in Article II.

IV. DEBTOR'S DECLARATIONS

The Debtor declares and warrants the following:

1. The Debtor is in compliance with all applicable laws, ordinances, regulations and policies, the breach of which could have an adverse effect on the Debtor's business or its ability to perform the Secured Obligations, including environmental laws and regulations.
2. The Debtor owns the mortgaged property and the mortgaged property is free and clear of all real rights, hypothecs or security other than the following:
  - i. Movable hypothec in the amount of \$19,800.00, granted by Oohlala Mobile Inc. (now known as the Debtor), in favour of The Toronto-Dominion Bank ("TD Bank"), registered at the Register of Personal and Movable Real Rights ("RPMRR") on June 18, 2012 under number 12-0485362-0001;
  - ii. Movable hypothec in the amount of \$1,800.00, granted by Oohlala Mobile Inc. (now known as the Debtor), in favour of TD Bank, registered at the RPMRR on August 21, 2012 under number 12-0681384-0002;
  - iii. Movable hypothec in the amount of \$8,400.00, granted by Oohlala Mobile Inc. (now known as the Debtor), in favour of TD Bank, registered at the RPMRR on November 15, 2016 under number 16-1120634-0001;
  - iv. Movable hypothec in the amount of \$2,100,000.00, granted by Oohlala Mobile Inc. (now known as the Debtor), in favour of Venture Lending & Leasing VIII, Inc. and Venture Lending & Leasing IX, Inc., registered at the RPMRR on June 13, 2018 under number 18-0642067-0001, to be released and discharged upon disbursement of the loan set forth in the Letter of Offer.
3. The mortgaged property is and will be situated in the Province of Quebec, except for the following property: *N/A*
4. The mortgaged property is not intended to be used in more than one province or state, except for the following property: *N/A*
5. The Debtor's head or registered office is located at the following address: 1259 Berri Street, Suite 700, in Montreal, Province of Quebec, H2L 4C7, and the Debtor has no other place of business.
6. The Debtor represents and warrants that it does not own any patent, trademark, registered copyright or other intellectual property requiring registration. The Debtor undertakes by these presents to advise BDC Capital within a period of five (5) days from

the filing of any intellectual property at the Canadian intellectual property Office and/or the United States Patent and Trademark Office and/or any other intellectual property office, in order for BDC Capital to perfect its security pursuant to the terms hereof.

V. COVENANTS

1. The Debtor shall inform BDC Capital without delay of any change to its name or to the contents of the representations made in Article IV. The Debtor shall provide at BDC Capital's request all original documents required to protect BDC Capital's right.
2. The Debtor shall pay, when due, all duties, taxes and charges relating to the mortgaged property, as well as any debt which could rank prior to the hypothec and security interest constituted hereby and shall provide to BDC Capital, on demand, evidence that the payments described herein have been made.
3. The Debtor shall insure the mortgaged property and keep it constantly insured for its full insurable value against damage caused by theft, fire and all other risks against which a prudent administrator would insure the mortgaged property. BDC Capital is hereby designated as the beneficiary of the indemnities payable under these policies. The Debtor shall cause such designation to be inscribed in the policies which must also contain the customary clauses protecting hypothecary creditors in the form approved by the Insurance Bureau of Canada. The Debtor shall provide BDC Capital with a copy of each policy and, at least thirty (30) days prior to the expiration or cancellation of a policy, the Debtor shall provide to BDC Capital evidence of the renewal or replacement thereof. Receipt by BDC Capital of such proceeds, whether or not remitted to or endorsed by the Debtor shall not reduce BDC Capital's rights and privileges unless said proceeds are applied expressly as a reduction of any outstanding balance and shall not in any case constitute novation.
4. The Debtor shall do all things and sign all documents necessary for the hypothec and security interest constituted hereunder to have full effect and be constantly perfected and enforceable against third parties.
5. The Debtor shall protect and adequately maintain the mortgaged property and exercise its activities in such a manner as to preserve its value. The Debtor shall fully comply with all laws and regulations applicable to the operation of its business and to the mortgaged property, including without limitation environmental laws and regulations.
6. The Debtor shall keep all books, records and accounts which a prudent administrator would keep with respect to the mortgaged property; the Debtor shall permit BDC Capital to examine said books, records and accounts and to obtain copies of same.
7. With the exception of the movable hypothecs set out at Sections IV.2.i, IV.2.ii and IV.2.iii hereof, the Debtor shall keep the mortgaged property free of all real rights, hypothecs or security interests, save those which BDC Capital has consented to in writing. The Debtor shall not give, grant, assume or permit to exist, any lien, hypothec, mortgage, security interest or other



encumbrance on any of its assets that are subject to the hypothec and security interest constituted hereunder other than encumbrances agreed to in writing by BDC Capital and it shall not grant any licenses in or of its intellectual property other than as disclosed and consented to by BDC Capital.

8. The Debtor shall not sell, assign, dispose of the mortgaged property or lease same, including without limitation, the licensing of any intellectual property, unless BDC Capital consents thereto in writing. However, if not in default hereunder, the Debtor may sell its inventory or lease the mortgaged property at market conditions in the ordinary course of its business. Notwithstanding any such sale, assignment or disposal, the Debtor shall remain liable for the payment of the Secured Obligations and this agreement shall remain in full force and effect. Moreover, where a sale, assignment or disposal is made without BDC Capital's prior consent, BDC Capital shall be entitled to demand immediate repayment of the Secured Obligations, even if they are not yet due.
9. The Debtor shall neither change the use, destination or nature of the mortgaged property nor remove the mortgaged property from its present location unless BDC Capital consents thereto in writing, under reserve of paragraph 8 herein.
10. If the Debtor is a corporation, the Debtor shall not amalgamate with another person, nor proceed with an arrangement with its creditors, nor commence dissolution or liquidation proceedings, without the prior written consent of BDC Capital.
11. The Debtor shall provide BDC Capital with all information reasonably required by it to verify if the Debtor is in compliance with the covenants and obligations contained herein. The Debtor shall inform BDC Capital of any fact or event which could adversely affect the value of the mortgaged property or the financial condition of the Debtor.
12. The Debtor, with respect to the intellectual property, shall take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the intellectual property, to defend the intellectual property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the intellectual property.
13. The Debtor, with respect to copyrights forming part of the intellectual property, shall provide to BDC Capital waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work.
14. The Debtor shall pay all costs incurred by BDC Capital with respect to this agreement and to any release relating thereto, including the fees of BDC Capital's legal counsel and fees incurred in order to render BDC Capital's rights opposable to third parties.
15. On demand, the Debtor shall pay the amount of any loss suffered by BDC Capital due to the repayment before maturity of whole or part of the principal of the Secured Obligations, notwithstanding the cause of such repayment (including, where such repayment is made further to an event of default). The amount of this loss shall form part of the Secured Obligations.

16. The Debtor shall reimburse BDC Capital for all costs and expenses incurred by it in order to exercise its rights or to fulfill the obligations of the Debtor, the whole with interest from the date the costs and expenses are incurred or paid by BDC Capital at an annual rate equal to the highest applicable rate pursuant to all loan documents in effect then between the Debtor and BDC Capital. The hypothec and security interest granted hereby under Article II hereof shall also secure the reimbursement of said costs and expenses as well as the payment of said interest. All such costs and expenses incurred or paid by BDC Capital, with interest thereon, shall form part of the Secured Obligations.
17. The Debtor shall at all times pay BDC Capital, at the latter's request, all judicial fees, charges or other legal expenses as well as extra judicial fees in accordance with the tariffs established under the *Bar Act* and its ensuing regulations, the expenses and fees of an agent or trustee, or any costs incurred in the course of ensuring fulfillment of all of the Debtor's obligations hereunder, protecting and realizing the assets given as security for the Secured Obligations, or appraising the assets during the life of any of the Secured Obligations or in the event of their liquidation.

In addition, the Debtor covenants to pay the costs of any appraiser and any environmental investigator engaged by BDC Capital to effect any inspection, appraisal, investigation or environmental audit of the secured assets during the life of any of the Secured Obligations or in the event of their liquidation, and the cost of any environmental rehabilitation, removal, or repair necessary to protect, preserve or remediate the secured assets, including any fine or penalty BDC Capital is obliged to incur by reason of any statute, order or direction by competent authority.

18. Where the mortgaged property includes inventory and accounts receivable, the Debtor shall provide BDC Capital monthly with a statement (by category) of the value of its inventory (calculated at the lesser of cost or market value) and a list of its accounts receivable (indicating their amount and age).

#### VI. ENVIRONMENT

The Debtor represents and agrees that:

- a) it operates and will continue to operate in conformity with all environmental laws and will ensure its staff is trained as required for that purpose;
- b) its assets are and will remain free of environmental damage or contamination;
- c) there has been no complaint, prosecution, investigation or proceeding with respect to the Debtor's business or assets;
- d) it will advise BDC Capital immediately upon becoming aware of any environmental problem;
- e) it will provide BDC Capital with copies of all communications with environmental officials and all studies or assessments prepared for the Debtor and does consent to BDC Capital contacting and making inquiries of officials or assessors.

**VII. RIGHTS OF BDC CAPITAL**

1. BDC Capital may inspect or have the mortgaged property appraised from time to time at the Debtor's expense and for that purpose, the Debtor shall permit BDC Capital to access the premises where the mortgaged property is located and to the Debtor's places of business for that purpose. The Debtor shall also allow BDC Capital to examine all accounting records and documents relating to the mortgaged property and to obtain copies thereof.
2. BDC Capital may inspect and copy the Debtor's books and records, either at the Debtor's premises or at the financial advisor's premises. BDC Capital may contact and make inquiries with the Debtor's lessors as well as environmental officials, assessors, municipal authorities and any taxing body.

In addition to the reporting requirements set out herein, BDC Capital may require the opinion of an independent qualified auditor.

3. BDC Capital may, without being bound to do so, fulfill any or all of the obligations of the Debtor hereunder.
4. The Debtor may collect all debts forming part of the mortgaged property until BDC Capital withdraws its authorization to the Debtor to do so. Upon such withdrawal, BDC Capital may collect such debts and shall be entitled to a reasonable commission which it may deduct from any amounts collected.
5. Where the mortgaged property includes shares or securities, BDC Capital may, without being bound to do so, cause itself to be registered as the holder of these shares or securities and exercise any right attached thereto, including any right to vote and any right of conversion or redemption.
6. If BDC Capital has possession of the mortgaged property, it shall have no obligation to maintain the use for which the mortgaged property is normally intended, to make it productive or to continue its use or operation. However, BDC Capital may, without being bound to do so, sell the mortgaged property in its possession where the mortgaged property is likely to perish, depreciate or decrease in value.
7. The Debtor constitutes and appoints BDC Capital as its irrevocable attorney, with full power of substitution, to do any act and to sign any document necessary or useful to the exercise of the rights conferred on BDC Capital hereunder. BDC Capital shall register assignments of the intellectual property, and shall have the right to use, sell, assign, license or sub-license any of the intellectual property.
8. The rights conferred on BDC Capital under this Article VII may be exercised by BDC Capital irrespective of whether the Debtor is or is not in default hereunder.

## VIII. DEFAULTS AND RECOURSES

1. The Debtor shall be in default in each and every one of the following events :
  - a) If the Debtor is in default with respect to the performance or payment of any of the Secured Obligations;
  - b) If any of the representations made in Article IV or warranty made herein is inaccurate or ceases to be accurate;
  - c) If the Debtor does not fulfill any one of its covenants hereunder;
  - d) If the Debtor is in default under the Letter of Offer and/or any document evidencing the Secured Obligations, or is in default in respect of any loan with any other lender or creditor;
  - e) If the Debtor and/or any guarantor of the Secured Obligations is in default under any other contract or agreement between it and BDC Capital, and/or any other lender or creditor and/or is in default under any other hypothec or security granted in favour of BDC Capital and/or any other lender or creditor which affects the mortgaged property;
  - f) If the Debtor ceases to carry on its business, becomes insolvent or bankrupt;
  - g) If any or all of the mortgaged property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions;
  - h) An order of execution against the Debtor's assets or any part thereof remains unsatisfied for a period of ten (10) days;
  - i) The lessor under any lease to the Debtor of any immovable/real or moveable/personal property, has taken any steps to or threatens to terminate such lease, or otherwise exercises any of its remedies under such lease as a result of any default thereunder by the Debtor;
  - j) The Debtor causes or allows hazardous materials to be brought upon any land or premises occupied by the Debtor or incorporated into any of its assets without BDC Capital's prior consent, or if the Debtor causes, permits or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority;
  - k) Default under any operating permit, lease of land or movable property or personal property or in arrears of payment to any tax authority.
2. Upon the Debtor's default, BDC Capital may terminate any obligation it may have had to grant credit or make advances to the Debtor and declare exigible all obligations of the Debtor which are not yet due. Upon such default, BDC Capital may also exercise all recourses available to it under applicable law and realize on its hypothec and security interest, including enforcing the hypothecary rights provided in the *Civil Code of Quebec*.

3. In order to realize on its hypothec and security interest, BDC Capital may use the premises where the mortgaged property and other property of the Debtor are situated at the expense of the Debtor. Where the mortgaged property includes debts, BDC Capital may also compromise or transact with the debtors of these debts and may grant releases and discharges in respect of same. Where the mortgaged property includes inventory, BDC Capital may complete the manufacture of such inventory and do all things necessary or useful to its sale.

IX. GENERAL PROVISIONS

1. The hypothec and security interest created hereby are in addition to and not in substitution for any other hypothec or security held by BDC Capital.
2. This hypothec and security interest constitute continuing security which shall continue in effect notwithstanding any payment from time to time, in whole or in part, of the Secured Obligations. Furthermore, any new obligation of the Debtor towards BDC Capital secured hereby will be one for which the Debtor has obligated itself again in accordance with Article 2787 of the *Civil Code of Quebec*. The Debtor shall not, without BDC Capital's written consent, subrogate a third party in the hypothec or BDC Capital's rights hereunder.
3. In each case provided in paragraph 1 of Article VIII, the Debtor shall be in default by the mere lapse of time, without the necessity of any notice or demand.
4. Any sum collected by BDC Capital in the exercise of its rights may be held by BDC Capital as mortgaged property or may be applied to the payment of the obligations secured hereunder, whether or not yet due. BDC Capital shall have discretion as to how any such collected sum shall be applied.
5. BDC Capital shall not be bound to exercise its rights resulting from these presents and shall not be responsible for the non-exercise of such rights. The Debtor shall use its best efforts to ensure that the debts forming part of the mortgaged property be regularly paid and BDC Capital shall have no obligation to inform the Debtor of any payment irregularity which it may know of.
6. The exercise by BDC Capital of any of its rights shall not preclude BDC Capital from exercising any other right; all the rights of BDC Capital are cumulative and not alternative. The failure of or forbearance by BDC Capital to exercise any of its rights arising from this agreement shall not constitute a renunciation to the later exercise of such right. BDC Capital may exercise its rights arising from this agreement without being required to exercise any right against the Debtor or against any other person liable for the payment of the obligations secured hereunder or to realize on any other security held for the payment of such obligations. No action or omission on the part of BDC Capital shall constitute or imply a renunciation of its rights to decide the Debtor is in default or to avail itself of its rights pursuant to such default, unless BDC Capital explicitly declares otherwise after the default has occurred.

7. BDC Capital shall only be required to exercise reasonable care in the exercise of its rights or the performance of its obligations hereunder and, in any event, shall only be liable for its intentional fault or gross negligence.
8. BDC Capital may delegate to another person the exercise of its rights or the performance of its obligations resulting from this agreement. In such a case, BDC Capital may provide that person with any information it may have concerning the Debtor or the mortgaged property.
9. The rights of BDC Capital hereunder shall also benefit any successor of BDC Capital, including any entity resulting from the amalgamation of BDC Capital with another entity.
10. Neither the signature of the present agreement, nor the registration of the rights created hereby shall constitute, nor be interpreted as an undertaking by BDC Capital to provide the Debtor with any financial assistance of any type whatsoever.
11. Any notice to the Debtor may be given at the address indicated above or any other address communicated in writing by the Debtor to BDC Capital.


X. INTERPRETATION

1. If the word "Debtor" designates more than one person, each such person shall be jointly and severally liable to BDC Capital for the performance of all the obligations provided in this agreement.
2. The rights and recourses of BDC Capital may be exercised against all the mortgaged property or separately against any portion thereof.
3. This agreement shall be governed and interpreted by the law in force in the Province of Quebec and the applicable federal laws. This agreement must also be interpreted as to ensure that the mortgaged property located in another jurisdiction be charged by a valid hypothec and/or security interest in accordance with the law in force in said jurisdiction.
4. The parties hereto have expressly agreed that this deed be executed in the English language. *Les parties aux présentes ont expressément convenu que le présent acte soit rédigé en anglais.*

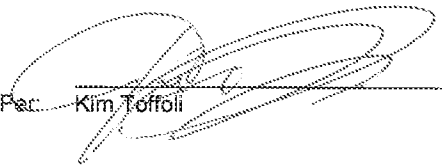
*(Signatures on following page)*

WHEREOF the parties have signed on this 5<sup>th</sup> day of February, 2020.

**READY EDUCATION (CANADA) INC.**

  
Per: Danial Jameel

**BDC CAPITAL INC.**

  
Per: Kim Toffoli

[Signature page – Hypothec on Movable Property for Present and Future Obligations – Ready Education (Canada) Inc.]

SCHEDULE "A"

TO THE

HYPOTHEC ON MOVABLE PROPERTY  
FOR PRESENT AND FUTURE OBLIGATIONS

BETWEEN

BDC CAPITAL INC.

AND

READY EDUCATION (CANADA) INC.

RESOLUTION AND PROXY OF BDC CAPITAL

(SEE FOLLOWING PAGES)



**COPIE CERTIFIÉE DE LA RÉOLUTION DE L'UNIQUE ACTIONNAIRE DE BDC CAPITAL INC.**  
 (la « Société ») ADOPTÉE LE 28 JUIN 2016

ATTENDU que l'unique actionnaire de la Société, la Banque de développement du Canada, a décidé, par déclaration écrite de l'unique actionnaire en vertu de l'article 146(2) de la Loi canadienne sur les sociétés par actions, de restreindre en totalité les pouvoirs des administrateurs de la Société et de les octroyer à l'unique actionnaire.

**POUVOIR DE SIGNATURE – BDC CAPITAL DE CROISSANCE ET TRANSFERT D'ENTREPRISE**

IL EST RÉSOLU:

1. Que deux signataires, un de chacun des groupes suivants :

Premier groupe		Second groupe
	conjointement avec	
<ul style="list-style-type: none"> <li>Un directeur associé ou une personne occupant un poste de niveau supérieur du groupe Capital de croissance et transfert d'entreprise de BDC</li> </ul>		<ul style="list-style-type: none"> <li>un directeur ou une personne occupant un poste de niveau supérieur du groupe Capital de croissance et transfert d'entreprise</li> <li>un vice-président exécutif, BDC Capital</li> <li>un vice-président, Exploitation et stratégie, BDC Capital</li> <li>un vice-président, Investissement de croissance</li> </ul>

soit autorisée par les présentes à signer, valider et remettre, pour le compte de BDC Capital, de façon générale et sans que l'énumération qui suit en restreigne la portée, toutes les ententes et tous les contrats qui ont trait aux activités de BDC Capital de croissance et transfert d'entreprise (collectivement, les « Instruments ») et qui, de l'avis de ces personnes désignées, pourraient s'avérer nécessaires pour les besoins de BDC Capital, y compris :

Les lettres d'offre de crédit ou les ententes de prêt ou d'investissement, les conventions de souscription, les conventions entre actionnaires, les conventions d'entièrement, les conventions d'achat et de vente de titres ou d'éléments d'actif, les actes d'aliénation ou d'acquisition, les baux, les actes de cession, les actes d'hypothèque et de charges gravant des biens personnels, meubles, réels ou immobiliers, y compris les créances, les revendications et les droits d'action de quelque nature que ce soit, les conventions de subrogation, de subordination et de priorité de rang, les mainlevées, les renoncements et les concessions de priorité, les procurations, les lettres de garantie, les billets à ordre, les lettres de change et les mandats de paiement,

avec pleins pouvoirs de substitution dans certains cas leur conférant le droit de désigner toute autre personne ou toutes autres personnes comme fondés de pouvoir légitimes de BDC Capital en vue de signer, de valider et de remettre tout instrument précis.

2. Que deux signataires, un de chacun des groupes suivants :

Premier groupe		Second groupe
	conjointement avec	
<ul style="list-style-type: none"> <li>Un analyste ou une personne occupant un poste de niveau supérieur du groupe Capital de croissance et transfert d'entreprise de BDC</li> </ul>		<ul style="list-style-type: none"> <li>un directeur ou une personne occupant un poste de niveau supérieur du groupe Capital de croissance transfert d'entreprise</li> <li>un vice-président exécutif, BDC Capital</li> <li>un vice-président, Exploitation et stratégie, BDC Capital</li> <li>un vice-président, Investissement de croissance</li> </ul>

soit autorisée par les présentes à signer, valider et remettre, pour le compte de BDC Capital, les ententes et les contrats qui suivent et qui ont trait aux activités de BDC Capital de croissance et transfert d'entreprise :

Les modifications aux lettres d'offre de crédit ou aux ententes de prêt ou d'investissement et les mandats donnés à des professionnels,

avec pleins pouvoirs de substitution dans certaines circonstances leur conférant le droit de désigner toute autre personne ou toutes autres personnes comme fondés de pouvoir légitimes de BDC Capital en vue de signer, de valider et de remettre tout document précité.

3. Que l'une ou l'autre des personnes suivantes :

Signataire autorisé
• un directeur général ou une personne occupant un poste de niveau supérieur du groupe Capital de croissance transfert d'entreprise
• un avocat ou une personne occupant un poste de niveau supérieur aux Affaires juridiques de BDC


soit autorisée par les présentes à signer, valider et remettre, pour le compte de BDC Capital, les ententes et les contrats qui suivent et qui ont trait aux activités de BDC Capital de croissance et transfert d'entreprise :

Les libérations, les décharges et les quittances complètes et définitives,

avec pleins pouvoirs de substitution dans certaines circonstances leur conférant le droit de désigner toute autre personne ou toutes autres personnes comme fondés de pouvoir légitimes de BDC Capital en vue de signer, de valider et de remettre tout document précité.

Je, soussigné, Pierre Marquis, Secrétaire adjoint de la société, certifie que la présente est une copie exacte et complète de la résolution de l'unique actionnaire de la Société dûment adoptée le 28 juin 2016 et que cette résolution est présentement en vigueur.

DATE : 16 janvier 2020

  
Pierre Marquis  
Secrétaire adjoint



**PROCURATION**

BDC Capital inc., une filiale à part entière de la Banque de développement du Canada, dûment constituée en vertu de la Loi canadienne sur les sociétés par actions, ayant un établissement au 5, Place Ville-Marie, bureau 100, Montréal (Québec) H3B 2G2, et représentée aux présentes par M. Benoit Mignacco, Directeur général et M. Bernard Melameth, Directeur, dûment autorisés aux fins des présentes, telle qu'ils le déclarent :


**NOMME ET CONSTITUE :**


**M<sup>e</sup> Kim Toffoli, Avocate**

son mandataire spécial à qui elle donne pouvoir de signer en son nom, tous actes et documents et autres effets qu'elle juge nécessaire contenant les conditions et garanties attachées au Financement no 168502-01 consenti à Ready Education (Canada) Inc. (l'« Emprunteur »)

**FAIT ET SIGNÉ** en la cité de Montréal, province de Québec, ce 9e jour du mois de janvier deux mille vingt (2020).

**BDC CAPITAL INC.**, filiale à part entière de la **BANQUE DE DÉVELOPPEMENT DU CANADA**.

  
Par : Benoit Mignacco, Directeur général  
Capital de croissance et transfert d'entreprise

  
Par : Bernard Melameth, Directeur  
Capital de croissance et transfert d'entreprise

SCHEDULE "B"

TO THE

HYPOTHEC ON MOVABLE PROPERTY  
FOR PRESENT AND FUTURE OBLIGATIONS

BETWEEN

BDC CAPITAL INC.

AND

READY EDUCATION (CANADA) INC.

RESOLUTIONS OF THE DEBTOR

(BOARD OF DIRECTORS)

(SEE FOLLOWING PAGES)

READY EDUCATION (CANADA) INC.  
(the "Corporation")

CERTIFIED EXTRACT OF A RESOLUTION OF THE DIRECTORS

"BDC FINANCING NO. 168502-01 IN THE AMOUNT OF \$3,000,000"

BE IT RESOLVED:

THAT the Corporation borrow from BDC Capital Inc. ("BDC Capital") the principal sum of three million Canadian dollars (CAD\$3,000,000.00), on the terms and at the interest rate set forth in the Letter of Offer of Financing issued by BDC Capital in favour of the Corporation on December 18, 2019, its schedules and all amendments thereto (collectively, the "Letter of Offer of Financing");

THAT to secure all obligations, present and future, direct or indirect, absolute or contingent, matured or not, whether incurred alone or with any other person, in whatever capacity, as borrower, investee, guarantor or otherwise, of the Corporation towards BDC Capital, including, without limitation, its obligations pursuant to the Letter of Offer of Financing, the Corporation enter into, execute and deliver in favour of BDC Capital:

- a Hypothec on Movable Property for Present and Future Obligations in the amount of three million Canadian dollars (CAD\$3,000,000.00), plus an additional hypothec equal to twenty percent (20%) of the amount of the principal hypothec, the whole bearing interest at an annual rate of twenty-five percent (25%), on the universality of all movable property of the Corporation, corporeal and incorporeal, present and future, of whatever nature and wherever situated, as well as the proceeds of any sale, lease or other disposal of said property, any debt resulting from such sale, lease or other disposal, as well as any property acquired to replace the mortgaged property, any insurance or expropriation proceeds payable in respect of the mortgaged property, the principal and income of the mortgaged property as well as any rights, accessories and intellectual property attached to the mortgaged property, and where said property includes shares or securities, all other shares and securities issued in replacement of these shares or securities, and all deeds, titles, documents, records, registers, invoices and books of account evidencing the mortgaged property or relating thereto (the "Universal Movable Hypothec");

THAT the Corporation intervene to:

311121.00007/106903968.3

1. a Postponement and Subordination Agreement in respect of advances by Astegic, Inc. to DubLabs Holdings Corp. in the aggregate amount of six hundred thousand dollars in lawful money of the United-States of America (USD\$600,000.00);
2. a Postponement and Subordination Agreement in respect of the 2,150,000 Exchangeable Common Shares issued by the Corporation in favour of Danial Jameel;
3. a Postponement and Subordination Agreement in respect of the 650,000 Exchangeable Common Shares issued by the Corporation in favour of Junhang Dang;
4. a Postponement and Subordination Agreement in respect of the 250,000 Exchangeable Common Shares issued by the Corporation in favour of Chen Cen;
5. a Postponement and Subordination Agreement in respect of the 650,000 Exchangeable Common Shares issued by the Corporation in favour of Alice Dinu;
6. a Postponement and Subordination Agreement in respect of the 111,115 Exchangeable Preferred Shares issued by the Corporation in favour of Arif Mirza;
7. a Postponement and Subordination Agreement in respect of the 277,760 Exchangeable Preferred Shares issued by the Corporation in favour of Principle Innovation Inc.;
8. a Postponement and Subordination Agreement in respect of the 18,055 Exchangeable Preferred Shares and 12,630 Exchangeable Common Shares issued by the Corporation in favour of Real Investment Fund (International), L.P.;
9. a Postponement and Subordination Agreement in respect of the 537,500 Exchangeable Preferred Shares and 287,370 Exchangeable Common Shares issued by the Corporation in favour of Real Investment Fund, L.P.;

(the documents referred to in paragraphs 1 to 9 above are hereinafter collectively referred to as the "Postponements")

THAT the Letter of Offer of Financing, the draft Universal Movable Hypothec and the Postponements (collectively, the "Documents") submitted to this meeting be and are hereby approved;

311121.00007/106903968.3

THAT the execution of the Letter of Offer of Financing by Danial Jameel on behalf of the Corporation be and is hereby ratified and confirmed;

THAT Danial Jameel, Director and President of the Corporation, be authorized to sign, for and on behalf of the Corporation, the Documents with the same form and content as the drafts submitted to the Directors of the Corporation, as well as any other appropriate document necessary to give effect to this resolution and to the Documents, Danial Jameel being duly authorized and empowered to negotiate and/or amend the terms and conditions of same."

---


*[Signature page follows.]*

311121.00007/106903968.3

---

The undersigned, President of Ready Education (Canada) Inc., hereby certifies that the foregoing is a true and correct copy of a written resolution adopted by the Directors of the Corporation on the 3 day of February, 2020, and that said Resolution is now in full force and effect, un-amended.

DATED in Montreal, this 5 day of February, 2020.

  
\_\_\_\_\_  
Danial Jameel, President

*[CC RESOLUTION RE: BDC FINANCING NO. 168502-01 IN THE AMOUNT OF \$3,000,000]*

311121.00007/106903968.3

---



SCHEDULE "C"

TO THE

HYPOTHEC ON MOVABLE PROPERTY  
FOR PRESENT AND FUTURE OBLIGATIONS

BETWEEN

BDC CAPITAL INC.

AND

READY EDUCATION (CANADA) INC.

LETTER OF OFFER

(SEE FOLLOWING PAGES)



December 18, 2019

Ready Education (Canada) Inc.  
700-1259, Berri Street  
Montreal, Quebec  
H2L 4C7

Attention of: M. Daniel Jameel, CEO

Re: Letter of Offer of financing no. 168502-01 granted to Ready Education (Canada) Inc.

Sir,

On the basis of the preliminary information obtained from the Borrower and subject to the acceptance of the present letter of offer of financing, as amended from time to time (the "Letter of Offer"), BDC Capital Inc. ("BDC Capital"), a wholly owned subsidiary of Business Development Bank of Canada (the "Bank") is prepared to grant the following financing (the "Financing").

**FINANCING PURPOSE**

Refinancing WTI (including penalties)	\$1,750,000.00
Working Capital for Growth	\$1,250,000.00
	<u>\$3,000,000.00</u>

**FUNDING**

BDC Capital	\$3,000,000.00
	<u>\$3,000,000.00</u>

No change to the Financing purpose or funding may be made without BDC Capital's prior written consent. The proceeds of the Financing may only be used for this Financing purpose.

The Letter of Offer is open for acceptance until December 31, 2019 (the "Acceptance Date"). Unless the Letter of Offer executed by the Financing Parties is received by BDC Capital no later than the Acceptance Date, the Letter of Offer shall automatically become null and void.

**BORROWER:** Ready Education (Canada) Inc. (the "Borrower")

**GUARANTORS:** Ready Education Inc., jointly and severally (the "Corporate Guarantor")  
(the Corporate Guarantor is also sometimes referred to herein as the "Guarantor").

**FINANCING AMOUNT:** \$3,000,000.00, in Canadian currency.

**INTEREST RATE:** The Financing and all other amounts owed by the Financing Parties pursuant to the Financing Documents for which an applicable rate is not otherwise provided for herein shall bear interest at the following rate:

Fixed Rate  
9.65% per year, being BDC Capital's Base Rate on the date hereof of 5.95% per year plus a variance (the "Variance") of 3.70% per year

The Interest Expiration Date for this fixed interest rate plan is December 15, 2024.

**INTEREST CALCULATION:** Interest shall be calculated daily on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment.

Arrears of interest or interest on outstanding principal arrears shall bear interest at the higher of: i) the rate applicable to the Financing, or ii) BDC Capital's Base Rate at the relevant time plus 5.00%. Interest on any overdue Fixed or Variable Component of the Additional Return and other amounts owing by the Financing Parties pursuant to the Financing Documents shall bear interest at the higher of: i) the rate applicable to the Financing, or ii) BDC Capital's Base Rate at the relevant time plus 5.00%, with the exception of the management fees of the Financing and cancellation fees that will not bear interest. In all cases, interest on arrears shall be calculated daily and compounded monthly.

**MATURITY DATE:** December 15, 2024 or the date on which the last principal payment hereunder is scheduled to be made, whichever date comes last, as amended from time to time (the "Maturity Date").

**REPAYMENT:** Balloon Payment  
Principal of the Financing shall be payable by way of one balloon payment of \$3,000,000.00, payable on the Maturity Date.

Accrued interest is payable monthly on the 15th day of the month (the "Payment Date") commencing on the next occurring Payment Date following the first advance on the Financing.

On the Maturity Date, all other amounts owing pursuant to the Financing Documents shall be due and payable.

Excess Cash Flow Sweep (ECFS)

At the option of the Borrower, principal of the Financing may be reimbursed by way of annual payments of up to \$ 600,000.00 for each annual payment (the "Annual Principal Payment Limit" or "APP Limit"), payable on December 15 of each year, commencing in December 2020 (the "APP Date").

If the combined audited financial statements are not delivered to BDC Capital within 120 days of the Borrower's fiscal year-end, a payment of \$ 600,000.00 will be payable, as a reimbursement of the Financing and not as penalty, if required by BDC Capital in its sole discretion, to BDC Capital at any time after the 120-day period, again at BDC Capital's sole discretion, without notice or additional delay. In such event, no subsequent readjustment to such payment shall be permitted.

Without limiting the foregoing, and only to the extent that the Borrower and the Corporate Guarantor are not in default, the Borrower will have the privilege to accumulate on each anniversary of the APP Date the unused portion of the APP Limit for a given year (the "Unused Portion"). Such an Unused Portion will then be added to the APP Limit of the following year for purposes of calculating the maximum amount payable as APP for such a year (the "Cumulative APP Limit").

For example only, if for a given year the APP Limit is \$ 600,000.00 and only \$ 500,000.00 has been collected by BDC Capital from the Borrower, the following year the Cumulative APP Limit would be \$ 100,000.00 plus the APP Limit for that year.

**PREPAYMENT:**

The Borrower may prepay at any time all or part of the outstanding principal provided that the Borrower pays to BDC Capital:

- (i) the full or partial amount of the Financing, as applicable,
- (ii) all interest, any Fixed Component of the Additional Return and any other fees then due, as applicable, and
- (iii) the Prepayment Bonus.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

The occurrence of any event of default listed in Schedule A – SECTION VI resulting in BDC Capital demanding payment of the financing prior to the Maturity Date will be deemed to be a prepayment, and the Borrower will pay to BDC Capital:

- (iv) the outstanding balance of the Financing,
- (v) all interest, any Fixed Component of the Additional Return and any other fees then due, as applicable, and
- (vi) the Prepayment Bonus.

**ADDITIONAL RETURN COMPONENTS:**

**FIXED COMPONENT OF THE ADDITIONAL RETURN**

**Additional Interest**

In addition to the interest payable on the Financing, the Borrower and the Corporate Guarantor will also pay to BDC Capital an additional interest calculated at a rate of 3.75% per annum on the outstanding principal of the Financing (the "Additional Interest"). Such

Additional interest shall be calculated and compounded monthly commencing on the date of the first disbursement and accrued up to and be payable, subject to the following paragraph, at the Maturity Date.

In the event the Borrower or the Corporate Guarantor repays, prepays or is deemed to have prepaid the Financing in accordance with the provisions of the Letter of Offer, the Additional Interest payment will include a prepayment indemnity equal to the aggregate Additional Interest calculated on the outstanding principal immediately prior any repayment, prepayment or deemed prepayment and compounded monthly from the date of the repayment, prepayment or deemed prepayment up to the Maturity Date of the Financing.

**SECURITY:**

As collateral security for the fulfilment of all present and future obligations of the Borrower and the Corporate Guarantor, each Financing Party, as applicable, shall provide BDC Capital with the following security or guarantees (collectively the "Security"), namely:

- a) A first ranking movable hypothec for present and future obligations, in the amount of \$3,000,000.00 (excluding the additional hypothec), on the universality of all movable assets of the Borrower, present and future, corporeal and incorporeal, wherever located and, without limiting the foregoing, on all present and future assets of the Borrower related to intellectual property of the Borrower including, without limitation, patents, trademarks, domain names, source codes, licences and any other forms of intellectual property including those already known.
- b) A duly executed guarantee from the Corporate Guarantor for an unlimited amount, in a form substantially similar to the draft guarantee annexed hereto as Schedule B;
- c) A first ranking movable hypothec for present and future obligations on the rights resulting from a life insurance policy on the life of Danial Jameel, in the amount of \$3,000,000.00, such policy being held by the Borrower as owner and beneficiary thereof, with an undertaking by the insurer to pay the indemnity payable thereunder to BDC Capital, up to an amount equal to the outstanding balance of the Financing due to BDC Capital, and all fees and interests incurred in connection thereto.

Notwithstanding anything to the contrary contained herein, such hypothec may be delivered to BDC Capital no later than 90 days following the disbursement of the Financing.

- d) A duly executed assignment, postponement and subordination agreement in favour of BDC Capital with respect to any amount of capital and interest payments from received loans or issued notes in whole owed by the Borrower and the Corporate Guarantor to any of its shareholders or any other parties;

- e) A duly executed assignment, postponement and subordination agreement in favour of BDC Capital by the holders of any preferred shares or redeemable shares of the Borrower and the Corporate Guarantor in whole for shares issued or to be issued in the future;
- f) Any other security or such other documents as BDC Capital may reasonably request, including in order to register and/or to perfect the Security to be granted to BDC Capital as provided hereunder.

All security documents shall be in form and substance satisfactory to BDC Capital and prepared by BDC Capital's legal counsel.

**CONDITIONS  
PRECEDENT TO  
DISBURSEMENT:**

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the entire satisfaction of BDC Capital:

Receipt by BDC Capital of:

- The Security in form and substance satisfactory to BDC Capital, registered as required to perfect and maintain the validity and rank of the Security, and such certificates, authorizations, resolutions and legal opinions as BDC Capital may reasonably require, including legal opinions on the existence and corporate capacity of the Financing Parties as well as on the validity and enforceability of the Security;
- Written evidence, including evidence of payment, attesting that the Financing Parties have obtained all the other sources of financing, as applicable, on terms acceptable to BDC Capital, acting reasonably;
- Financial and other information relating to each Financing Party and their businesses as BDC Capital may reasonably require, including, without limiting the foregoing, for any disbursement occurring more than sixty (60) days after year end, the Borrower and Corporate Guarantor will provide BDC Capital with audited combined annual financial statements;
- The Borrower must provide audited combined financial statements for the Borrower and the Corporate Guarantor of December 31, 2018 which show, in BDC Capital's sole opinion, no Material Adverse Change in the financial position since the draft year-end financial statements dated December 31, 2018;

Completion to the satisfaction of BDC Capital of the following events:

- Legal due diligence of the Financing Parties.

Furthermore, without limiting the foregoing:

No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower and the Corporate Guarantor shall provide updated in-house financial statements

never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower and the Corporate Guarantor since the last draft year-end financial statements submitted to BDC Capital and the internal financial statements submitted to BDC Capital at the time of authorization.

All the representations and warranties made by the Borrower or the Corporate Guarantor and its representatives shall be true and exact as at the date of any disbursement of the financing and a certificate to that effect must be signed by the Borrower and the Corporate Guarantor and their respective representatives prior to any such disbursement.

The Borrower and the Corporate Guarantor shall have transferred in favour of BDC Capital all the rights which the Borrower and the Corporate Guarantor hold in any all-risk insurance, including fire insurance, policies affecting their assets, BDC Capital being designated by the Borrower and the Corporate Guarantor as loss payee on such policies for the full amount of the financing.

The Financing Parties shall not be (i) in default pursuant to the terms of any other contract, agreement or obligation entered into or executed in favour of BDC Capital nor (ii) in default under any other agreement with any third party for the granting of a loan or other financial assistance.

**UNDERLYING  
CONDITIONS:**

So long as any amount owing pursuant to the Financing Documents remains unpaid, the following conditions shall be met:

a) Requested documents:

- (i) Each of the Borrower and the Corporate Guarantor shall remit to BDC Capital the following financial statements, within 120 days after the end of their respective financial year;

Company	Type	Frequency	Period
Reedy Education (Canada) Inc.	Combined Audited	Annual	December
Reedy Education Inc.	Notice to reader prepared by a CPA	Annual	December
Reedy Education (Canada) Inc.	Notice to reader prepared by a CPA	Annual	December

- (ii) Each of the Borrower and the Corporate Guarantor shall remit to BDC Capital its internal financial statements, on a quarterly and combined basis, along with the board presentation within 30 days after the end of each quarter;
- (iii) The quarterly internal financial statements remitted to BDC Capital shall have a comparative section with the results of the corresponding period of the last financial year;

- (iv) Each of the Financing Parties which is an individual shall remit on demand to BDC Capital an up-to-date personal net worth statement using the BDC Capital's Statement of Personal Affairs;
  - (v) Each of the Borrower and the Corporate Guarantor shall remit further to any change in the enterprise or on demand to BDC Capital (i) a corporate ownership chart, (ii) an organizational chart and (iii) an updated list of employees reporting to the President and CEO;
  - (vi) Each of the Borrower and the Corporate Guarantor shall remit annually to BDC Capital a listing of all aged accounts payable and accounts receivable with a copy of the approved annual budget;
  - (vii) The Financing Party which is the owner and beneficiary of the Life insurance contract hypothecated herein in favour of BDC Capital shall, on demand, obtain from the insurer, and remit to BDC Capital, an insurance certificate confirming the payment up to date of the insurance premiums and that the policy is in force.
- b) Each of the Financing Parties must provide BDC Capital, as quickly as possible, with the financial statements and reports and any other financial information that BDC Capital may reasonably require from time to time;
- c) The Borrower commits to dissolving Dublabs, LLC before December 31, 2020. Failure by the Borrower to take such action shall entitle BDC Capital, at its sole discretion, to request that Dublabs, LLC grant in favour of BDC Capital security which shall be registered on the assets of Dublabs, LLC to guarantee the obligations of the Borrower and all other obligations related to the financing pursuant to this Letter of Offer, the Borrower hereby undertaking to take all necessary action therefor in respect of Dublabs, LLC upon request of BDC Capital. All legal fees and expenses of BDC Capital in connection with the foregoing shall be for the account of the Borrower, and shall be payable by the Borrower upon demand of BDC Capital.

In addition, so long as any amount owing under or pursuant to this Letter of Offer or any other Financing Document remains unpaid, the financial covenant mentioned below must be met at all time by each of the Borrower and the Corporate Guarantor, on a combined basis:

- Actual cash position for the period must be greater than the Cash Runway;

**DISBURSEMENT:**

Unless otherwise authorized and except for refinancing of BDC Capital loans, funds will be disbursed to BDC Capital's legal counsel who will confirm to BDC Capital the execution, delivery and registration of the security. The latter may, if they have provided their final invoicing concurrently with the above confirmation, pay it from the disbursed funds. Any subsequent fees or disbursement shall be collected directly from the Borrower.

BDC Capital may cancel any portion of the Financing which has not been disbursed after six months from December 18, 2019 (the "Authorization Date").



**FEEs:**

Cancellation Fee

If no part of the Financing has been disbursed by December 18, 2020 (the "Lapsing Date"), the Borrower and the Corporate Guarantor shall pay BDC Capital a cancellation fee of 3.00%, provided, however, that BDC Capital shall have the right to extend the Lapsing Date in its sole and entire discretion without notice to or consent from the Borrower and the Corporate Guarantor. For greater certainty and in any event, BDC Capital will not charge a cancellation fee on any portion of the Financing cancelled by BDC Capital prior to the Lapsing Date.

In case of partial disbursement not already provided for in this Letter of Offer, any part of the Financing that has not been disbursed by the Lapsing Date will automatically be cancelled. If more than 50% of the Financing is so automatically cancelled, the Borrower and the Corporate Guarantor shall pay a cancellation fee of 3.00% of the portion of the Financing automatically so cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC Capital's damages should the Financing be cancelled or allowed to lapse in whole or in part.

Standby Fee

Commencing 3 months after the Authorization Date, the Borrower and the Corporate Guarantor shall pay BDC Capital a non-refundable standby fee calculated at a rate of 1.50% per annum on the portion of the Financing which has not been advanced or cancelled. This fee shall be calculated daily and be payable in arrears commencing on the next occurring Payment Date and on each Payment Date thereafter.

Financing Management Fee

The Borrower and the Corporate Guarantor shall pay BDC Capital a non-refundable management fee of \$900.00 per month. This management fee is payable on the date of the first Payment Date following the initial advance of the Financing and thereafter on each monthly anniversary of such first advance, until the Maturity Date.

Legal Fees and Expenses

The Borrower and the Corporate Guarantor shall pay all legal fees and expenses of BDC Capital incurred in connection with the Financing and the Financing Documents including the enforcement of the Financing and the Financing Documents. All legal fees and expenses of BDC Capital in connection with any amendment or waiver related to the foregoing shall also be for the account of the Borrower and the Corporate Guarantor.

The Borrower's and the Corporate Guarantor's obligation to indemnify BDC Capital under this Section continues before and after default and notwithstanding repayment of the Financing or discharge of any part or all of the Security.

**REPRESENTATION  
S AND  
WARRANTIES:**

The Borrower and the Corporate Guarantor make the representations and warranties in Schedule A – Section III. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Financing Parties pursuant to the Financing Documents.

**COVENANTS:** So long as any amount owing pursuant to the Financing Documents remains unpaid, each Borrower and the Corporate Guarantor shall perform the covenants set forth in Schedule "A" – Sections IV and V.

Without limiting the above, the Borrower and the Corporate Guarantor will notify BDC Capital of its intent to use IFRS and acknowledges, by undertaking to sign the resulting amended forms or contracts, that there may be modifications required to the calculation of EBITDA, Excess Available Funds, required ratios and to other pertinent calculations to ensure the spirit of the underlying conditions is maintained.

**100 DAY POST CLOSE OPTION** *The Borrower agrees to have BDC Capital and BDC Advisory Services meet with management and conduct a post-close update. The intent is to validate if the (integration/growth/transition) is on plan, identify any challenges and see if BDC Capital can provide any additional support.*

**EVENTS OF DEFAULT:** The occurrence of any of the events listed in Schedule A – SECTION VI constitutes an event of default under the Letter of Offer. If a default occurs, any obligation of BDC Capital to make any advance, shall, at BDC Capital's option, terminate and BDC Capital may, at its option, demand immediate payment of the Financing and enforce any security, the whole without any prejudice to the covenants of the Financing Parties to pay the Royalties, the Bonus on Sale, the Bonus Equity or the Prepayment Bonus, as applicable, if a portion of the Financing has been disbursed before the occurrence of the default justifying the application of this paragraph.

**CONFLICTS:** The Financing Documents constitute the entire agreement between BDC Capital and the financing Parties. To the extent that any provision of the Financing Documents is inconsistent with or in conflict with the provisions of the Letter of Offer, the provisions of the Letter of Offer shall govern.

**INDEMNITY:** The Borrower and the Corporate Guarantor shall indemnify and hold BDC Capital harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC Capital by reason of or relating directly or indirectly to the Financing Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC Capital.

**SCHEDULES:** All Schedules have been inserted after the signature page and form an integral part of the Letter of Offer.

**DEFINITIONS:** In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or Section II or are defined elsewhere in the text of the Letter of Offer.

**GOVERNING LAW:** The Letter of Offer shall be governed by and construed in accordance with the laws of the province of Québec and the laws of Canada applicable therein. Any claim or suit for any reason whatsoever under this Letter of Offer shall be brought in the judicial district of Montréal, province of Québec, Canada, at the exclusion of any other judicial district which may have jurisdiction over such dispute as prescribed by law.

**SUCCESSORS AND ASSIGNS:** The Letter of Offer shall be binding on and enure to the benefit of each Financing Party and BDC Capital and their respective successors and assigns. No Financing Party shall have the right to assign, in whole or in part, its rights and obligations under or pursuant to the Financing Documents without BDC Capital's prior written consent.

**ACCEPTANCE** The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC Capital and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

**LANGUAGE CLAUSE: (QUEBEC ONLY)** The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with Nicolas Beaudet at (514) 496-1588.

This 18<sup>th</sup> day of December 2019.

**BDC CAPITAL INC.**

By:   
.....  
Nicolas Beaudet, Director  
Growth & Transition Capital

By:   
.....  
Benoit Mignacco, Managing Director  
Growth & Transition Capital

CONSENT AND ACCEPTANCE

Each Financing Party hereby accepts the foregoing terms and conditions set forth above and in all attached Schedules.

Signed this 6 day of January 2020

Borrower

Ready Education (Canada) Inc.

By: Daniel Jameel  
President

Corporate Guarantor

Ready Education Inc.

By: Daniel Jameel  
President

## SCHEDULE A

### SECTION I DEFINITIONS

"BDC Capital's Base Rate" - means the annual rate of interest announced by the Bank through its offices from time to time as its base rate applicable to each of BDC Capital's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC Capital's Floating Base Rate" - means the annual rate of interest announced by the Bank through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Financing shall vary automatically without notice to the Financing Parties upon each change in BDC Capital's Floating Base Rate.

"Cash Runway" - is calculated as follows:

$$4 \times \left( \frac{\text{Sum of the prior 3 month position of Cash + A/R + Overdraft availability} - \text{Current position of Cash + A/R + Overdraft availability}}{3} \right)$$

If the Cash Runway calculation is a negative number, the Borrower generated cash and therefore respects the financial covenant set forth in the Letter of Offer.

"Change of Control" - means any operation or series of successive and subsequent transactions pursuant to which the Control of a Person is transferred from one Person to another or required by a Person, or any binding undertaking to proceed with any such operations.

"Control" - means the power to, directly or indirectly, direct or cause the direction of the management and business or affairs of a Person, whether through ownership of voting securities, by contract or otherwise, including, but without limiting the foregoing, in the case of a corporation the holding, directly or indirectly of more than fifty per cent (50%) of the voting shares of such corporation.

"Corresponding Fixed Interest Rate Plan" means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC Capital to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the earlier of (i) the next scheduled Interest Adjustment Date, or (ii) the Maturity Date.

"Financing" - shall have the meaning indicated in the preamble, or, as the context may require, at any time the unpaid principal balance of the Financing.

"Financing Documents" - means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Financing Party" - means either the Borrower or any of the Guarantors and "Financing Parties" means collectively each of the Borrower or Guarantors.

"Fixed Component of the Additional Return" - means and shall refer to any additional return component described and contained in the Fixed Component of the Additional Return sub-section of the present Letter of Offer.

"IFRS" - means the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Accounting Standards Board as Canadian GAAP for publicly accountable enterprises and the ones which opt to adopt such standards.

"Interest Adjustment Date" - means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Expiration Date" - means the date on which a fixed interest rate plan expires.

"Material Adverse Change" - means (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of any Financing Party, (ii) a material impairment of the ability of any Financing Party to perform any of its obligations under any Financing Document, or (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC Capital or upon the legality, validity, binding effect, rank or enforceability of any Financing Document.

"Person" - includes any individual, natural person, sole proprietorship, partnership, limited partnership, unincorporated association, syndicate or organization, any trust, body corporate, government agency, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative and any other form of organization or entity whatsoever.

"ASPE" means the accounting standards for private enterprises, Part II CPA Canada Handbook.

"Variable Component of the Additional Return" - as the meaning ascribed to it in the Variable Component of the Additional Return sub-section of the Letter of Offer.

### SECTION II PREPAYMENT DEFINITIONS

"Prepayment Indemnity" -- means the sum of the Present Values calculated for each Payment Date from the date of prepayment until the Maturity Date of the Financing.

"Interest Differential Charge" -- means the sum of the Present Values calculated for each Payment Date from the date of prepayment until the Maturity Date of the difference between BDC Capital's Base Rate on this Financing and BDC Capital's Base Rate for the Corresponding Fixed Interest Rate Plan, which is applicable only if BDC Capital's Base Rate on this Financing is greater than BDC Capital's Base Rate at the time of a prepayment.

"Prepayment Bonus" -- means the sum of the Interest Differential Charge and the Prepayment Indemnity.

"Present Values" -- for the purpose of determining the Interest Differential Charge and the Prepayment Indemnity will be computed at a discount rate ("DR") equal to (i) BDC Capital's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate in the case of a Financing subject to a fixed interest rate, or (ii) BDC Capital Floating Base Rate as the discount rate in the case of a Financing subject to a floating interest rate and the manner of such computation will be according to the following formula:

$$\frac{CF}{(1 + (DR / 12))^t}$$

Where:

- ⊗ "CF" is the sum of: (i) the Variance (if positive) multiplied by the principal prepayment amount, (ii) the difference between BDC Capital's Base Rate on this Financing and BDC Capital's Base Rate for the Corresponding Fixed Interest Rate Plan (if positive and if the Financing is subject to Fixed Interest Rate Plan) multiplied by the principal prepayment amount, (iii) the financing management fees and (iv) if applicable, any Fixed Component of the Additional Return which would otherwise have been outstanding at the Payment Date until the Maturity Date;
- ⊗ "DR" is the applicable discount rate; and
- ⊗ "t" is the number of monthly periods between the prepayment date and the Maturity Date.

### SECTION III REPRESENTATIONS AND WARRANTIES

Each of the Borrower and the Corporate Guarantor hereby represents and warrants to BDC Capital that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.

2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Financing Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. It is not in default under the Letter of Offer or any other Financing Document.
6. All information provided by it to BDC Capital is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC Capital fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with ASPE.
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. In respect of properties and assets charged pursuant to the Financing Documents, it has good and marketable title, free and clear of any encumbrances, except for what has been disclosed herein or has been accepted in writing by BDC Capital.
9. It is the rightful owner of all its intellectual property with all right, title and interest in and to all of its intellectual property.

The foregoing representations and warranties shall remain in full force and true until the Financing is repaid in full.

### SECTION IV COVENANTS

Each of the Borrower and the Corporate Guarantor shall:

1. Perform its obligations and covenants under the Financing Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.

3. Notify BDC Capital immediately of the occurrence of any default under the Letter of Offer or any other Financing Documents.

4. Comply with all applicable laws and regulations.

5. Keep all its assets insured for physical damages and losses on an "All-Risks" basis for their full replacement value and cause all such insurance policies to name BDC Capital as loss payee as its interests may appear. The policies shall also name BDC Capital as mortgagee and include a standard mortgage clause in respect of buildings over which BDC Capital holds security and, as further security, assign or hypothecate all insurance proceeds to BDC Capital; and

If requested by BDC Capital, maintain adequate general liability insurance and environmental insurance or any other type of insurance it may reasonably require to protect it against any losses or claims arising from pollution or contamination incidents and to provide certified copies of such policies.

6. Notify BDC Capital immediately of any loss or damage to its property.

7. Without limiting the generality of paragraph 4 above, in relation to its business operations and the assets and projects of its business, operate in conformity with all environmental laws and regulations; make certain that its assets are and will remain free of environmental damage; inform BDC Capital immediately upon becoming aware of any environmental issue and promptly provide BDC Capital with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC Capital 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 Capital is obligated to incur by reason of any statute, order or directive by a competent authority.

8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC Capital with proof of payments as BDC Capital may request from time to time.

9. Promptly furnish to BDC Capital such information, reports, certificates and other documents concerning any Financing Party as BDC Capital may reasonably request from time to time.

10. Not engage in, or permit its premises to be used by a tenant or other person, for any activity which BDC Capital, 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 standard 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;

c) businesses that promote nudism and naturism.

BDC Capital's finding that there is an ineligible activity will be final and binding between the parties and shall not be subject to review. The prohibition set out in this paragraph 10 shall also apply to any entity that Controls, is Controlled by, or that is under the common control with, any Financing Party.

11. In the event that one or several related corporations are incorporated or acquired, including all new subsidiaries and sister companies of the Borrower, these new entities shall ratify and become a party to this Letter of Offer as co-borrower or guarantor at the sole discretion of BDC Capital. BDC Capital may require that these new entities grant in favour of BDC Capital security which shall be registered on their assets to guarantee their respective obligations and the obligations and the Financing pursuant to this Letter of Offer.

#### SECTION V NEGATIVE COVENANTS

Without the prior written consent of BDC Capital, the Borrower and the Corporate Guarantor shall not:

1. Change the nature of its business.
2. Amalgamate, merge, acquire or otherwise combine its business, or create an affiliated company ("affiliate" having the meaning given to it in the Canada Business Corporations Act), or sell or otherwise transfer a substantial part of its business or any substantial part of its assets, or grant any operating license.
3. Permit any of its shareholders to sell or transfer their shares in the capital stock of such Financing Party save and except shares listed on a recognized stock exchange acceptable to BDC Capital.

4. Permit any Change of Control of such Financing Party or change the capital structure of such Financing Party by contractual or other means.
5. Permit any change in the shareholding of such Financing Party, except for options issued to employees under an approved stock option plan.
6. Allow a loan to be sought or extended, an investment to be made, a guarantee to be given, and no asset securing the Financing shall be pledge or hypothecated to another creditor, whether done for the benefit of the Borrower or for the benefit of a third party.
7. Declare a dividend on, or redeem or repay any obligation in respect of any shares in its capital. In addition, any advance or transfer of funds in any form whatsoever shall be made to the ultimate shareholders and/or to the corporations they own.
8. Make any modifications to the end date of its fiscal year, its accounting standards and/or policies.
9. The Borrower and the Corporate Guarantor shall not, without the prior written consent of BDC Capital:
  - Grant security on any of the assets (including claims) or permit the granting of security on the assets of any related entity;
  - Incur debts or permit debts to be incurred in respect of any related entity;
  - Make advances or loans, outside the ordinary course of business, by any related entity.

**SECTION VI  
EVENTS OF DEFAULT**

1. Any Financing Party fails to pay any amount owing under or pursuant to the Financing Documents.
2. Any Financing Party fails to comply with or to perform any provision of the Letter of Offer or any other Financing Documents.
3. Any Financing Party is in default under any other agreement with BDC Capital or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by any Financing Party herein or in any other Financing Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by any Financing Party to BDC Capital in connection with the Financing

is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

6. Any Financing Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay its debts as they become due; or any Financing Party applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Financing Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Financing Party or for a substantial part of the property of such Financing Party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Financing Party; or any Financing Party takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower and/or the Corporate Guarantor ceases or threatens to cease to carry on all or a substantial part of its business.
8. The occurrence of a Change of Control of the Borrower and/or the Corporate Guarantor from the date of the application of financing.
9. Any Financing Party is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
10. The occurrence, in the opinion of BDC Capital, of a Material Adverse Change.

**SECTION VII  
GENERAL TERMS AND CONDITIONS**

Each Financing Party agrees to the following additional provisions:

**Interest Cap**

If the aggregate amount of charges payable as interest, additional interest, interest on arrears, or any other charges paid or payable in connection with the Financing (collectively the "Charges") at any time whatsoever would constitute the application of an effective annual rate of interest in excess of the limit permitted by any applicable law, then the Charges shall be reduced so that the charges paid or payable shall not exceed the maximum permissible under such law. Any excess which has been paid will be refunded by BDC Capital within ten business days following BDC Capital's determination of the amount to be refunded.

**Other Available Interest Rate Plans**



If applicable, the Borrower having selected a floating interest rate plan may select BDC Capital available fixed interest rate plan. The expiry date of the selected plan shall occur after the initial Maturity Date or subsequently amended Maturity Date of the Financing. If the Borrower so selects any fixed rate plan before the Acceptance Date, it shall be based on BDC Capital's Base Rate in effect on the Authorization Date. If the selection is made after the Acceptance Date, the Borrower will have to pay to BDC Capital applicable fee and the interest rate shall be based on BDC Capital's Base Rate then in effect. The new rate shall become effective on the fourth day following receipt of the request by BDC Capital.

However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, BDC Capital reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

#### Interest Adjustment Date

If the Financing is not paid in full by the Interest Adjustment Date, BDC Capital will set a new interest rate plan based on the revised Interest Adjustment Date of the Financing at BDC Capital's Base Rate then in effect adjusted by the Variance and shall then notify the Borrower.

In the event BDC Capital should demand repayment of the Financing by reason of an event of default, any fixed interest rate applicable at the time of demand shall continue to apply to the Financing until full repayment and shall not be adjusted at the next Interest Adjustment Date.

#### Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

#### Application of Payments

All payments will be applied in the following order:

1. any Prepayment Bonus (including the monthly interest and interest Differential Charge);
2. protective disbursements;
3. standby fees (arrears and current);

4. arrears, in the following order: transaction fees, administration fees, management fees, Royalties, bonuses or other premiums, interest and principal;
5. current balances, in the following order: transaction fees, management fees, Royalties, bonuses or other premiums, interest and principal;
6. cancellation fees; and
7. other amounts due and payable under the Financing Documents.

Other than regular payments of principal and interest, BDC Capital may apply any other monies received by it, before or after default, to any debt the Borrower may owe BDC Capital under or pursuant to the Letter of Offer or any other agreement and BDC Capital may change those applications from time to time in its sole discretion.

#### Consent to Disclosure and Exchange of Information

Each Financing Party authorizes BDC Capital, at any time and from time to time, (i) to obtain financial, compliance, account status and any other information about a Financing Party and its respective business from its accountants, its auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility, and (ii) to disclose and exchange information with any financial institution relating to, in connection with or arising from the business of any Financing Party which BDC Capital may currently have or subsequently obtain.

Each Financing Party recognizes that in accordance with prudent business practices to « know your client » and in accordance with its internal policies, BDC Capital may be required to obtain, verify, maintain information regarding the Financing Parties, their directors, their officers duly authorized to sign, their shareholders or other persons who exercise control over each Financing Party. Each Financing Party agrees to provide without delay all information, including supporting documents and other evidence that BDC Capital, or a potential assignee or another company with an interest in BDC Capital, acting reasonably, could ask to comply with internal policies or legislation in the fight against the laundering of proceeds of crime or financing of terrorist activities that apply to them.

#### Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to a Financing Party, at its address above or such other addresses as the Financing Party may advise BDC Capital in writing, or if to BDC Capital, at BDC Capital's address above.

SCHEDULE 8

Corporate Guarantee

