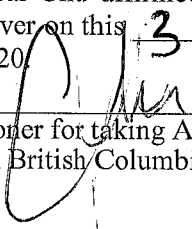


This is Exhibit "A" referred to in the
Affidavit of Sai Chu affirmed before
me at Vancouver on this 3 day of
September 2020.

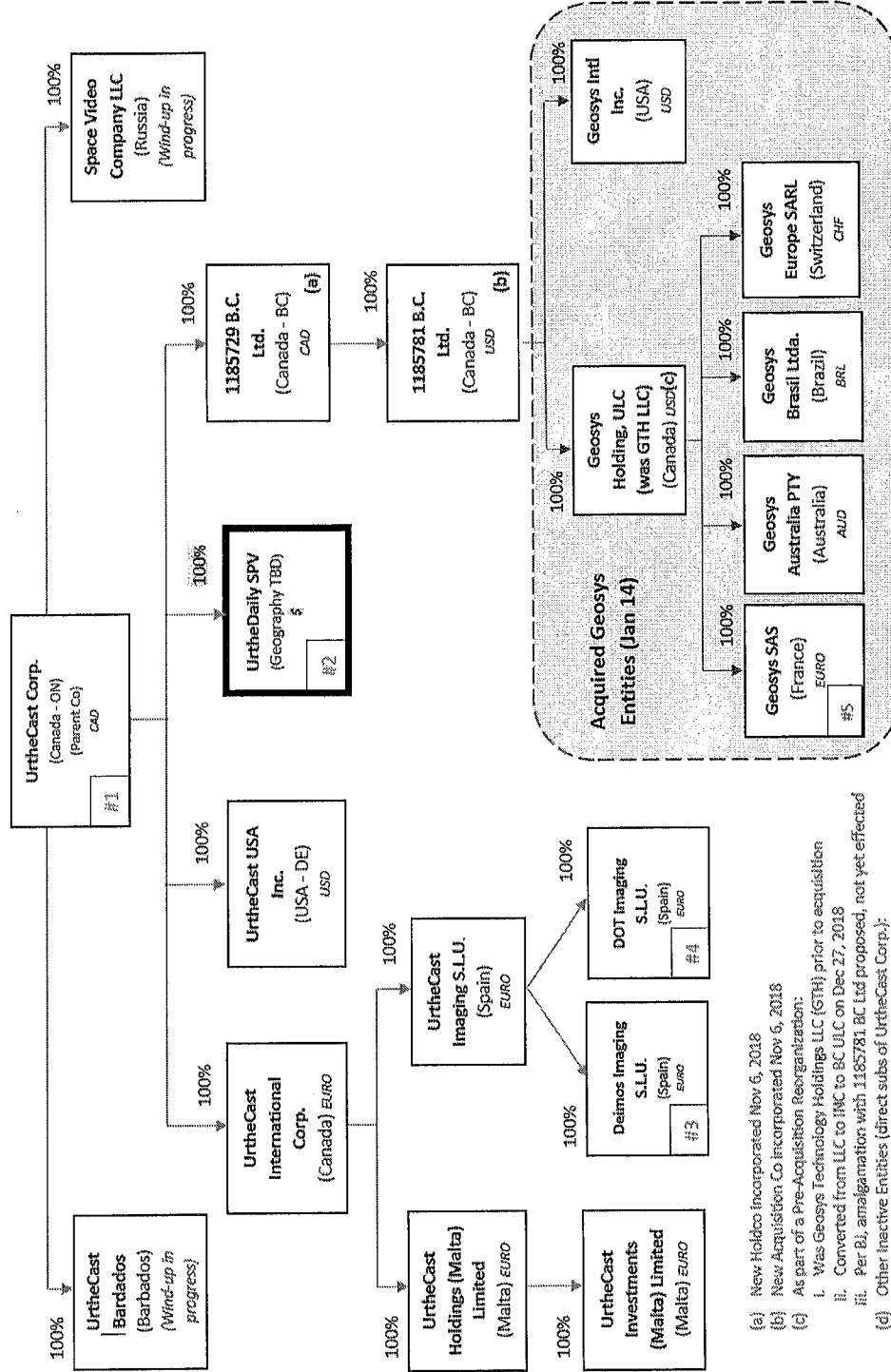


A Commissioner for taking Affidavits
within British Columbia

UrtheCast Corp.

Corporate Structure

Post-Acquisition of Geosys Group of Companies



(a) New Holdco incorporated Nov 6, 2018

(b) New Acquisition Co incorporated Nov 6, 2018

(c) As part of a Pre-Acquisition Reorganization:

i. Was Geosys Technology Holdings LLC (GTH) prior to acquisition

ii. Converted from LLC to INC to BC ULC on Dec 27, 2018

iii. Per BI, amalgamation with 1185781 BC Ltd proposed, not yet effected

(d) Other Inactive Entities (direct subs of UrtheCast Corp.):

i. UrtheDaily Corp. (incorporated in 2018)

ii. Holland Operating Co. (US) (wind-up in progress)

Key Assets

#1 UrtheCast Corp.:

- A. High Resolution Camera (video) – IRIS
- B. Medium Resolution Camera (imagery) – Theia
- C. Software – UrthePipeline, OptiSAR
- D. FPP Contracts – Airbus, 21A1, RSI, Terratech, Winfield (assignable to #2)

E. Patents:

- Systems and Methods for Processing Distributing Earth Observation Images
- Systems and Methods for Processing and Providing Terrestrial and/or Space Based Earth Observation Video
- Efficient Planar Phased Array Antenna Assembly
- Others pending (refer to Patent Summary)

#2 UrtheDaily SPV:

- A. License – UrthePipeline (TBD)
- B. FPP Contracts – (assignable from #1) (TBD)
- C. Satellites – Constellation (TBD)

#3 Deimos Imaging S.L.U.:

- A. Satellite (imagery) – Deimos 1

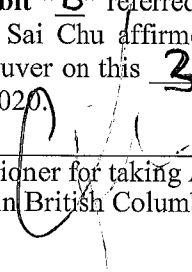
#4 DOT Imaging S.L.U.:

- A. Satellite (imagery) – Deimos 2

#5 Geosys SAS:

- A. Cropical
- B. Cropical In Field
- C. Field Coverage Service
- D. Image Processing Chain
- E. Field Manager / GIS Module
- F. Low Resolution Processing Chain
- G. Automatic Cloud Masking
- H. Patents:
- Method for correcting the time delay in measuring agricultural yield

This is Exhibit "B" referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia



**BC Registry
Services**

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For
1185729 B.C. LTD.

Date and Time of Search: August 28, 2020 01:48 PM Pacific Time

Currency Date: February 28, 2020

ACTIVE

Incorporation Number: BC1185729

Name of Company: 1185729 B.C. LTD.

Recognition Date and Time: Incorporated on November 06, 2018 10:50 AM Pacific Time

In Liquidation: No

Last Annual Report Filed: November 06, 2019

Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address:

25TH FLOOR, 666 BURRARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

25TH FLOOR, 666 BURRARD STREET
VANCOUVER BC V6C 2X8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

25TH FLOOR, 666 BURRARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

25TH FLOOR, 666 BURRARD STREET
VANCOUVER BC V6C 2X8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Chu, Sai

Mailing Address:

1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Delivery Address:

1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Last Name, First Name, Middle Name:

Osborne, Don

Mailing Address:1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

OFFICER INFORMATION AS AT November 06, 2019**Last Name, First Name, Middle Name:**

Chu, Sai

Office(s) Held: (CFO, Secretary)**Mailing Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Last Name, First Name, Middle Name:

Osborne, Don

Office(s) Held: (President)**Mailing Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA



BC Registry
Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For
1185781 B.C. LTD.

Date and Time of Search: August 28, 2020 01:50 PM Pacific Time

Currency Date: February 28, 2020

ACTIVE

Incorporation Number: BC1185781

Name of Company: 1185781 B.C. LTD.

Recognition Date and Time: Incorporated on November 06, 2018 03:22 PM Pacific Time **In Liquidation:** No

Last Annual Report Filed: November 06, 2019 **Receiver:** No

REGISTERED OFFICE INFORMATION

Mailing Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Chu, Sai

Mailing Address:

1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Delivery Address:

1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Last Name, First Name, Middle Name:

Osborne, Don

Mailing Address:1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

OFFICER INFORMATION AS AT November 06, 2019**Last Name, First Name, Middle Name:**

Chu, Sai

Office(s) Held: (CFO, Secretary)**Mailing Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Last Name, First Name, Middle Name:

Osborne, Don

Office(s) Held: (President)**Mailing Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA



**BC Registry
Services**

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For
GEOSYS HOLDING, ULC

Date and Time of Search: August 28, 2020 01:51 PM Pacific Time

Currency Date: February 28, 2020

ACTIVE

Incorporation Number: C1191897

Name of Company: GEOSYS HOLDING, ULC

Recognition Date and Time: Continued into British Columbia on December 27, 2018 03:30 PM Pacific Time **In Liquidation:** No

Last Annual Report Filed: December 27, 2019 **Receiver:** No

CONVERT FROM

Previous Company Name

GEOSYS HOLDING, INC.

Date of Company Change

December 27, 2018

PREVIOUS FOREIGN JURISDICTION INFORMATION

Identifying Number in Foreign Jurisdiction:

5431402

Name in Foreign Jurisdiction:

Geosys Technology Holding, Inc.

Date of Incorporation, Continuation or Amalgamation in Foreign Jurisdiction:

December 26, 2018

Foreign Jurisdiction:

DELAWARE

REGISTERED OFFICE INFORMATION

Mailing Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

25TH FLOOR, 666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

DIRECTOR INFORMATION**Last Name, First Name, Middle Name:**

Chu, Sai

Mailing Address:1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

Last Name, First Name, Middle Name:

Osborne, Don

Mailing Address:1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA**Delivery Address:**1055 CANADA PLACE, SUITE 33
VANCOUVER BC V6C 0C3
CANADA

NO OFFICER INFORMATION FILED AS AT December 27, 2019.

Department of State: Division of Corporations

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Entity Details

THIS IS NOT A STATEMENT OF GOOD STANDING

File Number: 5183608 **Incorporation Date /** 7/13/2012
Formation Date: (mm/dd/yyyy)
Entity Name: URTHECAST USA INC.
Entity Kind: Corporation **Entity Type:** General
Residency: Domestic **State:** DELAWARE

REGISTERED AGENT INFORMATION

Name: THE CORPORATION TRUST COMPANY
Address: CORPORATION TRUST CENTER 1209 ORANGE ST
City: WILMINGTON **County:** New Castle
State: DE **Postal Code:** 19801
Phone: 302-658-7581

Additional Information is available for a fee. You can retrieve Status for a fee of \$10.00 or more detailed information including current franchise tax assessment, current filing history and more for a fee of \$20.00.

Would you like ☐ Status ☐ Status, Tax & History Information

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Request ID: 024942674
 Transaction ID: 76413217
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2020/08/28
 Time Report Produced: 16:49:45
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1908747	URTHECAST CORP.	2014/01/01
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
100 KING STREET WEST 1 FIRST CANADIAN PLACE Suite # 3400 TORONTO ONTARIO CANADA M5X 1A4	NOT APPLICABLE	A
	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
100 KING STREET WEST 1 FIRST CANADIAN PLACE Suite # 3400 TORONTO ONTARIO CANADA M5X 1A4	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	00003 00010	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 024942674
Transaction ID: 76413217
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/08/28
Time Report Produced: 16:49:45
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CORPORATION PROFILE REPORT

Ontario Corp Number

1908747

Corporation Name

URTHECAST CORP.

Corporate Name History

URTHECAST CORP.

Effective Date

2014/01/01

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Amalgamating Corporations

Corporation Name

URTHECAST CORP.

EARTH VIDEO CAMERA INC.

Corporate Number

2043437

1905755

Request ID: 024942674
Transaction ID: 76413217
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/08/28
Time Report Produced: 16:49:45
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

1908747

Corporation Name

URTHECAST CORP.

Administrator:
Name (Individual / Corporation)

SAI
W.
CHU

Address

33- 1055 CANADA PLACE

VANCOUVER
BRITISH COLUMBIA
CANADA V6C 0C3

Date Began

2017/03/29

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

CHIEF FINANCIAL OFFICER

Resident Canadian

Administrator:
Name (Individual / Corporation)

WILLIAM
EVANS

Address

33-1055 CANADA PLACE

VANCOUVER
BRITISH COLUMBIA
CANADA V6C 0C3

Date Began

2014/01/01

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 024942674
Transaction ID: 76413217
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/08/28
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CORPORATION PROFILE REPORT

Ontario Corp Number

1908747

Corporation Name

URTHECAST CORP.

Administrator:
Name (Individual / Corporation)

PIRMIN

LUOND

Address

100 KING STREET WEST
1 FIRST CANADIAN PLACE
Suite # 3400
TORONTO
ONTARIO
CANADA M5X 1A4

Date Began

2019/01/15

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

N

Administrator:
Name (Individual / Corporation)

DON

OSBORNE

Address

100 KING STREET WEST
1 FIRST CANADIAN PLACE
Suite # 3400
TORONTO
ONTARIO
CANADA M5X 1A4

Date Began

2018/07/05

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

CHIEF EXECUTIVE OFFICER

Resident Canadian

Request ID: 024942674
Transaction ID: 76413217
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/08/28
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CORPORATION PROFILE REPORT

Ontario Corp Number

1908747

Corporation Name

URTHECAST CORP.

Administrator:
Name (Individual / Corporation)

DON

OSBORNE

Address

100 KING STREET WEST
1 FIRST CANADIAN PLACE
Suite # 3400
TORONTO
ONTARIO
CANADA M5X 1A4

Date Began

2018/08/13

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

MARK
J.
PIEGZA

Address

100 KING STREET WEST
1 FIRST CANADIAN PLACE
Suite # 3400
TORONTO
ONTARIO
CANADA M5X 1A4

Date Began

2018/05/25

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

N

Request ID: 024942674
Transaction ID: 76413217
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/08/28
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CORPORATION PROFILE REPORT

Ontario Corp Number

1908747

Corporation Name

URTHECAST CORP.

Administrator:
Name (Individual / Corporation)

JAMES
TOPHAM

Address

100 KING STREET WEST
1 FIRST CANADIAN PLACE
Suite # 3400
TORONTO
ONTARIO
CANADA M5X 1A4

Date Began

2015/05/11

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 024942674
Transaction ID: 76413217
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/08/28
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Page: 7

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1908747

URTHECAST CORP.

Last Document Recorded

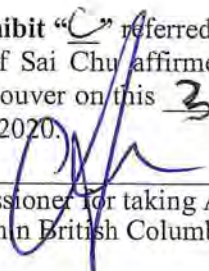
Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2019/07/09 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

This is **Exhibit "C"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia



URTHECAST CORP.
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018



Independent auditor's report

To the Shareholders of UrtheCast Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of UrtheCast Corp. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

Material uncertainty related to going concern

We draw attention to Note 1(b) in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Lana Kirk.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 14, 2020

UrtheCast Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2019 and 2018
(in thousands of Canadian dollars)

	2019	2018
Assets		
Current assets		
Cash	\$ 1,835	\$ 1,438
Restricted term deposits (Note 8)	237	8,058
Trade and other receivables (Note 9)	15,525	22,178
Prepaid expenses and deposits	700	1,128
	<u>18,297</u>	<u>32,802</u>
Assets held for sale (Note 7)	42,057	-
Non-current assets		
Restricted term deposits (Note 8)	-	234
Trade and other receivables (Note 9)	1,309	-
Property and equipment (Note 10)	3,649	32,425
Intangible assets (Note 11)	52,343	48,178
Goodwill (Note 12)	11,337	-
Total assets	<u>\$ 128,992</u>	<u>\$ 113,639</u>
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	\$ 21,546	\$ 24,936
Income taxes payable	914	720
Bank and other loans (Note 13)	19,275	6,807
Current portion of long-term debt (Note 14)	-	10,252
Convertible debentures (Note 15)	11,601	4,852
Other financial liabilities (Note 17)	8,756	2,167
Deferred revenue	3,651	801
	<u>65,743</u>	<u>50,535</u>
Liabilities directly associated with assets held for sale (Note 8)	35,448	-
Non-current liabilities		
Long-term debt (Note 14)	6,602	20,274
Convertible debentures (Note 15)	7,069	7,406
Derivative financial instruments (Note 16)	4,713	6,415
Other financial liabilities (Note 17)	15,170	5,823
Deferred revenue	-	144
Deferred income tax liabilities (Note 22(b))	3,407	552
Total liabilities	<u>138,152</u>	<u>91,149</u>
Shareholders' equity		
Share capital (Note 18)	222,904	219,356
Contributed surplus and other reserves	10,657	9,798
Accumulated other comprehensive income	7,209	7,198
Accumulated deficit	(249,930)	(213,862)
Total shareholders' (deficit) equity	<u>(9,160)</u>	<u>22,490</u>
Total liabilities and shareholders' equity	<u>\$ 128,992</u>	<u>\$ 113,639</u>

Corporate Information and Going Concern (Note 1)

Commitments (Note 28)

Subsequent Events (Note 29)

Approved on behalf of the Board: "signed"
James Topham, Director

"signed"
Don Osborne, Director

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2019 and 2018
(in thousands of Canadian dollars, except for per share amounts)

	2019	2018 (Re-presented) (Note 8)
Revenue (Note 20(a))	\$ 18,280	\$ 6,220
Other operating income (Note 11(b))	1,394	559
	<u>19,674</u>	<u>6,779</u>
Operating costs		
Direct costs, selling, general and administrative expenses	22,024	19,810
Research expenditures	1,637	1,810
Depreciation and amortization	3,483	464
Share-based payments (Note 19)	2,658	2,074
Impairment of assets	-	10,356
	<u>29,802</u>	<u>34,514</u>
Operating loss	(10,128)	(27,735)
Other income (expenses)		
Finance income	25	142
Finance costs (Note 21)	(9,200)	(27,324)
Gain on derivative financial instruments (Note 24(a))	2,042	13,037
Foreign exchange (loss) gain	(1,402)	1,200
Loss before income taxes	(18,663)	(40,680)
Income tax recovery (expense) (Note 22(a))	458	(100)
Net loss from continuing operations	(18,205)	(40,780)
Net loss from discontinued operation (Note 7)	(17,863)	(42,472)
Net loss	(36,068)	(83,252)
Other comprehensive income:		
Items that may subsequently be reclassified to net loss:		
Foreign currency translation gain	11	662
Comprehensive loss	\$ (36,057)	\$ (82,590)
Loss per common share, basic and diluted (Note 26)	\$ (0.27)	\$ (0.67)
Loss per common share, basic and diluted - continuing operations (Note 26)	\$ (0.14)	\$ (0.33)

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2019 and 2018
(in thousands of Canadian dollars)

2019	Share capital (Note 18)	Reserves		Accumulated other comprehensive income	Accumulated deficit	Total
		Warrants	Contributed surplus			
December 31, 2018	\$ 219,356	\$ -	\$ 9,798	\$ 7,198	\$ (213,862)	\$ 22,490
Net loss for the year	-	-	-	-	(36,068)	(36,068)
Share-based payments (Note 19)	-	-	1,906	-	-	1,906
Shares issued for vested restricted share units	1,047	-	(1,047)	-	-	-
Shares issued on conversion of debentures (Note 15(c))	2,501	-	-	-	-	2,501
Foreign currency translation	-	-	-	11	-	11
December 31, 2019	\$ 222,904	\$ -	\$ 10,657	\$ 7,209	\$ (249,930)	\$ (9,160)

2018	Share capital (Note 18)	Reserves		Accumulated other comprehensive income	Accumulated deficit	Total
		Warrants	Contributed surplus			
December 31, 2017	\$ 216,633	\$ 165	\$ 9,469	\$ 6,536	\$ (130,610)	\$ 102,193
Net loss for the year	-	-	-	-	(83,252)	(83,252)
Share-based payments (Note 19)	-	-	2,321	-	-	2,321
Shares issued for vested restricted share units	2,157	-	(2,157)	-	-	-
Shares issued on conversion of debentures (Note 15(c))	566	-	-	-	-	566
Warrants expired	-	(165)	165	-	-	-
Foreign currency translation	-	-	-	662	-	662
December 31, 2018	\$ 219,356	\$ -	\$ 9,798	\$ 7,198	\$ (213,862)	\$ 22,490

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(in thousands of Canadian dollars)

	2019	2018 (Re-presented)
Cash flows from (used in) operating activities		
Net loss from continuing operations for the year	\$ (18,205)	\$ (40,780)
Items not affecting operating cash flows		
Depreciation of property and equipment (Note 10)	1,045	465
Amortization of intangible assets (Note 11)	2,438	-
Impairment loss on assets	-	10,356
Share-based payments (Note 19)	2,658	2,075
Finance income	(26)	(143)
Finance costs	9,200	27,323
Unrealized gain on derivative financial instruments	(2,095)	(12,907)
Loss on disposal of property and equipment	14	72
Unrealized foreign exchange loss (gain)	1,105	(223)
Income tax (recovery) expense	(458)	89
Interest received	30	143
Interest paid	(321)	(311)
Changes in operating assets and liabilities (Note 27(a))	3,044	2,682
Net cash used in continuing operating activities	<u>(1,571)</u>	<u>(11,159)</u>
Cash flows from (used in) investing activities		
Acquisition of Geosys, net of cash acquired (Note 6)	(5,201)	-
Acquisition of property and equipment (Note 10)	(35)	(5)
Disposals of property and equipment (Note 10)	-	3
Expenditures on intangible assets (Note 11)	(7,695)	(10,007)
Proceeds from government grants (Note 11(b))	1,763	4,386
Net cash used in continuing investing activities	<u>(11,168)</u>	<u>(5,623)</u>
Cash flows from (used in) financing activities		
Proceeds from issuance of convertible debentures, net (Note 15)	6,335	-
Proceeds from subscription receipts offering	-	19,554
Proceeds from bank and other loans (Note 13)	19,757	7,590
Repayment of bank and other loans (Note 13)	(6,807)	(10,782)
Proceeds from long-term debt (Note 14)	664	1,794
Interest paid on bank loans, long-term debt and convertible debentures	(1,712)	(988)
Reduction in other financial liabilities (Note 17)	(737)	-
Financing costs	(1,863)	(10,126)
Redemption of restricted term deposits, net (Note 8)	36	1,958
Net cash from continuing financing activities	<u>15,673</u>	<u>9,000</u>
Net increase (decrease) in cash during the year, continuing operations	2,934	(7,782)
Net decrease in cash during the year, discontinued operation (Note 7)	(1,475)	(14,234)
Cash at beginning of year	1,438	23,206
Effect of foreign exchange rate changes on cash	<u>(141)</u>	<u>248</u>
Cash at end of year	<u>\$ 2,756</u>	<u>\$ 1,438</u>
Cash attributable to continuing operations	\$ 1,835	\$ 1,261
Cash attributable to discontinued operation (Note 7)	<u>\$ 921</u>	<u>\$ 177</u>

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

1. CORPORATE INFORMATION AND GOING CONCERN

a) Corporate Information

UrtheCast Corp. ("UrtheCast" or the "Company") is a Vancouver-based technology company that serves the rapidly growing and evolving geospatial and geo-analytics markets with a wide range of information-rich products and services. UrtheCast has designed and proposes to build and launch a satellite constellation designed to capture high-quality, medium-resolution optical imagery of the Earth's entire land mass (excluding Antarctica) everyday, called UrtheDaily™, and has developed advanced synthetic aperture radar technology for satellites, called OptiSAR™.

In January 2019, UrtheCast acquired Geosys, a digital agriculture company that provides a suite of geo-analytics products and services to agribusinesses around the world. The acquisition of Geosys (the "Geosys Acquisition"), as further described in Note 6, positions UrtheCast as a fully vertically-integrated geo-analytics solution provider for precision agriculture, able to integrate satellite imagery services with analytics.

The Company currently owns and operates two Earth observation ("EO") satellites, Deimos-1 and Deimos-2. Imagery data from these sensors is continuously downlinked to ground stations around the world and distributed directly to partners and customers in multiple markets. UrtheCast also processes and distributes imagery data and value-added products on behalf of its Global Imaging Partners, a network of 10 EO satellite operators with a combined 25 medium- and high-resolution EO sensors, led by Deimos Imaging, S.L.U., a wholly-owned subsidiary of UrtheCast. During the first quarter of 2019, the Company committed to a formal plan and commenced a bid process to sell all or substantially all of the assets of Deimos Imaging as further described in Note 7.

Common shares of UrtheCast (the "Common Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol "UR".

The Company's office and principal place of business is located at #33 - 1055 Canada Place, Vancouver, BC, V6C 0C3.

b) Going Concern

These consolidated financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, management must estimate future cash flows for a period of at least, but not limited to, twelve months following the end of the reporting period by considering relevant information about the future.

The Company has a history of significant recurring operating losses and shareholders' deficit, working capital deficiencies and insufficient cash flows from operations to fund its activities and continues to face significant liquidity challenges. As at December 31, 2019, the Company had a working capital deficiency from continuing operations of \$47,446. Based on the Company's forecasted cash flows for the next twelve months, the Company's current cash flow from operations will not be sufficient to cover its commitments, obligations and operating costs for at least the next twelve months, which could have a negative impact on its ability to continue as a going concern. The Company monitors its risk of shortage of funds by monitoring forecasted and actual cash flows, maturity dates of existing financial liabilities and commitments as well as compliance with long-term debt and funding agreements and is actively managing its capital to ensure a sufficient liquidity position to finance its general and administrative, working capital and overall capital expenditures.

The Company will need to secure additional sources of financing or undertake asset sales in order to obtain funds to pay for its ongoing costs of operations, service its working capital deficiency, meet its commitments to lenders, fund the development, build and launch of the UrtheDaily Constellation, and pay the remaining consideration to the vendor for the acquisition of Geosys.

During the year ended December 31, 2019, the Company raised US \$15,000 from three secured term loan financings, \$6,600 from an unsecured convertible debenture financing, and secured a US \$10,000 receivables purchasing agreement to finance qualifying trade receivables. Subsequent to December 31, 2019, the Company completed a further \$2,026 financing and is continuing discussions with its lenders as it seeks to enter into binding agreements to further defer maturity and principal repayments of its matured debt facilities as described in Note 29. The Company implemented significant cost reductions in 2019 and committed to a formal plan to sell all or substantially all of its Spanish Earth observation assets comprising the Deimos-1 and Deimos-2 satellites, operations and ground station assets, as further described in Note 7.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

(In thousands of Canadian dollars, except number of shares and per share amounts)

The Company is actively working towards securing binding financing arrangements for the UrtheDaily Constellation which is also expected to provide additional liquidity for its general working capital needs and recovery of certain financing and advisory costs incurred associated with the Company's efforts in securing an UrtheDaily financing arrangement. The delays in securing a binding financing arrangement for the UrtheDaily Constellation, the associated financing and advisory fees incurred, and the delays in finalizing a sale of the Spanish Earth observation assets have contributed to the Company's working capital deficiency. The Company is also seeking an amendment to the terms of the SADI funding agreement or waiver of certain requirements in order to regain compliance with the agreement as further described in note 14(b). While the Company expects to resolve the matter and on favourable terms, there can be no assurance that these efforts will be successful; however, as described in Note 29(b), the Company received a one-time waiver for the reimbursement of \$1,400 subsequent to December 31, 2019.

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flows from operations, asset sales, debt or equity financings or re-financings, or through other arrangements, accretive acquisitions, new engineering or licensing contracts to monetize its intellectual property, its ability to secure financing for the UrtheDaily Constellation as described above and its ability to extend maturity dates of its matured debt facilities. While the Company has been successful in arranging financing in the past, there can be no assurance that future financings will be completed on the terms currently being negotiated or at all. Furthermore, the Company's efforts and its ability to secure any of the aforementioned funding sources may be adversely affected or delayed by the ongoing COVID-19 pandemic, as further described in Note 29(g), and the uncertain market conditions that this has caused.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern and otherwise execute on its business strategies. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of the Directors on May 14, 2020.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain items of property and equipment and intangible assets when impaired, which are recorded at fair value, as explained in Note 3. Also, assets acquired and liabilities assumed in a business combination are initially recognized at their fair value at the acquisition date, as explained in Note 3(d).

c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The Canadian dollar is the predominant currency of the parent Company's transactions and cash flows.

The Company and its subsidiaries use the Canadian dollar, Euro and the United States dollar, respectively, as their functional currency, based on the predominant currency of each entity's transactions and cash flows, which are then translated into the Canadian dollar presentation currency.

d) Use of Estimates and Judgments

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements.

a) Basis of consolidation

The following material active entities have been consolidated within the Company's financial statements:

Entity	Registered	Holding	Status
UrtheCast Corp.	Ontario, Canada	Parent	Active
UrtheCast USA Inc.	Delaware, United States	100% owned	Active
UrtheCast Imaging, S.L.U.	Spain	100% owned	Active
Deimos Imaging, S.L.U.	Spain	100% owned	Active
DOT Imaging, S.L.U.	Spain	100% owned	Active
Geosys SAS	France	100% owned	Active
Geosys Australia PTY	Australia	100% owned	Active
Geosys Brasil Ltda.	Brazil	100% owned	Active
Geosys Europe SARL	Switzerland	100% owned	Active
Geosys Intl Inc.	USA	100% owned	Active
1185781 B.C. Ltd.	British Columbia, Canada	100% owned	Active

The subsidiaries are controlled by the Company. Control exists when the Company is exposed, or has rights, to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

b) Cash

Cash is comprised of unrestricted balances on deposit with financial institutions.

c) Foreign Currency Transactions

In preparing the individual financial statements, transactions in currencies other than the Company's functional currency are recorded at the exchange rate at the date of the transaction. At each statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rate prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions, are translated into Canadian dollars at the exchange rate prevailing at the end of the reporting date. Income and expenses of foreign operations are translated at average exchange rates for the period. Exchange differences recognized in the net income (loss) of the Company's separate entity level financial statements on the translation of monetary items forming part of the Company's net investment in the foreign operation are reclassified on consolidation to other comprehensive income (loss) in the cumulative foreign currency translation difference.

UrtheCast Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

d) Business Combinations

Business combinations are accounted for using the acquisition method required by IFRS 3 *Business Combinations* when control is transferred to the Company. The fair value of the consideration transferred in the acquisition is allocated to the estimated fair value of the identifiable assets acquired and liabilities assumed. The fair value of the net identifiable assets acquired is determined using valuation techniques that require estimation of replacement costs, future net cash flows, discount rates and other assumptions. Any goodwill that arises is tested annually for impairment. Transaction costs incurred in connection with the business combination are expensed as incurred.

Any deferred consideration payable is discounted to its present value to reflect its fair value as at the acquisition date and is subsequently accreted to its principal value on the repayment date with a charge to finance costs in the consolidated statements of loss and comprehensive loss.

Contingent consideration obligations may exist where the Company promises to deliver cash, such as royalty payments, other assets or equity interests to the seller of the acquired business after the acquisition date should certain specified events occur or conditions be met in the future. The Company recognizes any contingent consideration at fair value on the acquisition date as part of the consideration transferred in exchange for the acquired business, based on management's best estimates of the present value of future outflows or value of other assets to be transferred. The contingent consideration obligation is subsequently adjusted for any outflows or accretion during the period and re-measured at each reporting period with such adjustments charged to the consolidated statements of loss and comprehensive loss.

e) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets with finite lives (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets on the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities on the balance sheet.

A discontinued operation is a component of the Company's business, the operations and cashflows of which can be clearly distinguished from the rest of the Company and which represents a separate major line of business or geographic area of operations and is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with the view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When the operation is classified as a discontinued operation, the consolidated statements of loss and comprehensive loss are re-presented as if the operation had been discontinued from the start of the comparative year.

f) Property and Equipment

On initial recognition, property and equipment are valued at cost, which is the purchase price or the cost of construction and the costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. These directly attributable costs include transportation, insurance, installation and assembly, testing to confirm that the asset is functioning properly, appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing the assets. Computer software that is an integral part of the related hardware of the camera equipment is included in the cost of the property and equipment. Property and equipment acquired in a business acquisition are initially recognized at their fair value at the acquisition date.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

Premiums associated with the insurance coverage for the launch and in-orbit commissioning of cameras and satellites are capitalized as part of the cost of the equipment and are amortized over their estimated useful lives. If the equipment were to be damaged during the launch or in-orbit commissioning phase, the resulting loss would be charged to the statement of comprehensive loss in the period in which it is determined that the satellite is not recoverable. The amount of any such loss would be reduced to the extent of any insurance proceeds received. In the event of a partial loss claim, the asset is assessed for impairment and any resulting loss would be reduced by the insurance proceeds.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Subsequent costs, including replacement of parts and major maintenance and repairs, are included in the asset's carrying value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to profit or loss as incurred.

When costs of certain components of an item of property and equipment are significant in relation to the total cost of the item and the components have different useful lives, they are accounted for and depreciated separately.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising on disposal of an asset, determined as the difference between the net proceeds and the carrying account, are recognized within other income in the consolidated statement of loss and comprehensive loss.

Depreciation commences when an asset is available for use and is recognized using rates intended to write off the cost of assets over their estimated useful lives as follows:

Cameras, satellites	Straight line over 7 - 9 years
Antenna and other ground segment equipment	Straight line over 4 - 12 years
Computer equipment	Straight line over 3 - 4 years
Furniture and fixtures	Straight line over 5 - 10 years
Leasehold improvements	Straight line over the initial term of the lease

Depreciation methods, useful lives and residual values are reviewed at each financial year end.

g) Intangible Assets

Intangible assets with finite lives consist of acquired and internally developed technologies, software and licenses and are capitalized in accordance with the accounting policy in Note 3(d). Development expenditures are capitalized as intangible assets only if the costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete and to use or sell the asset. Development costs are amortized over their estimated useful lives once the assets are available for use.

Intangible assets acquired in a business acquisition that meet the specified criteria for recognition apart from goodwill are initially recognized at their fair value at the acquisition date and are subsequently measured at cost less accumulated amortization and impairment losses. Intangible assets with indefinite useful lives, such as trade names and patents, are subsequently measured at cost less accumulated impairment losses. The cost of a group of intangible assets acquired in a business combination is allocated to the individual assets acquired based on their relative fair values.

Amortization of intangible assets with finite lives commences when an intangible asset is available for use and is recognized using rates intended to write off the cost of these assets over their estimated useful lives as follows:

Technologies and software in use	Straight line over 3-12 years
Customer relationships	Straight line over 7-13 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if necessary.

h) Goodwill

Goodwill arising from business acquisitions is initially recognized at the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized and is tested annually for impairment or whenever there is an indicator of impairment.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

i) Impairment of Non-Financial Assets

Property and equipment and intangible assets with finite lives subject to depreciation are reviewed for impairment annually, or more frequently whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Management assesses at each reporting date whether there is any indication that an asset may be impaired. In assessing whether an asset is impaired, management considers both internal and external information, such as whether the asset's market value has declined from the passage of time or use, significant adverse changes have taken place in technology, or in the market, economic or legal environment related to the asset, market rates of return on investment have increased and the carrying amount of net assets is more than the Company's market capitalization.

Goodwill, intangible assets with indefinite lives and intangible assets not yet available for use are reviewed for impairment annually irrespective of whether there is any indication of impairment.

When there are indicators of impairment, or for the annual test required for goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, management estimates the recoverable amount of the asset, or, if the asset does not generate independent cash flows, of the cash-generating unit ("CGU") to which the asset belongs, in order to determine the extent of any impairment. An impairment loss is recognized in the consolidated statements of loss and comprehensive loss when the carrying amount of the asset, or its cash-generating unit, exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When assessing value in use, the Company estimates the present value of future cash inflows from the continuing use of the asset less cash outflows incurred to generate the cash outflows from continuing use of the asset, discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Discounted cash flow models are used to determine the recoverable amount of the assets. These models are prepared internally. When market transactions for comparable assets are available, these are considered in determining the recoverable amount of assets. Significant assumptions used in preparing discounted cash flow models include prices for imagery products, operating costs, discount rates, foreign exchange rates, tax assumptions, market growth rates and inflation rates. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statements of loss and comprehensive loss and the resulting carrying values of the assets.

j) Leases

The Company adopted IFRS 16 *Leases* on January 1, 2019 using the modified retrospective approach, which requires transitional adjustments, if any, to be recorded in retained earnings on the date of initial application without restating prior year comparatives. The Company elected to apply the optional practical expedients such that for any expired or existing leases it did not reassess lease classification, initial direct costs or whether any expired or existing contracts are or contain leases.

IFRS 16 replaced IAS 17 *Leases* and eliminated the current distinction between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires that nearly all leases be capitalized by the lessee, with an exemption for leases of very low value or of a short-term duration, resulting in an accounting treatment similar to finance leases under IAS 17.

Lessee Accounting

The Company leases assets, including office premises, antenna equipment and office equipment.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets ("ROU assets") and lease liabilities for most leases on its balance sheet.

However, the Company elected to apply the optional practical expedient such that short-term leases with a remaining term not exceeding 12 months as at adoption date as well as leases where the underlying asset is of low value were not recognized as ROU assets. The Company expenses the lease payments associated with these leases in direct costs, selling, general and administrative expenses.

On adoption of IFRS 16, the Company recognized lease liabilities for leases which had previously been classified as operating leases under IAS 17, other than short-term leases and leases of low value assets. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as of January 1, 2019 of 12%. The lease liabilities are included in Other Financial Liabilities (Note 17).

UrtheCast Corp.
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(in thousands of Canadian dollars, except number of shares and per share amounts)

The following table presents the reconciliation of operating lease commitments disclosed at December 31, 2018 to the recognized lease liabilities as of January 1, 2019:

Operating lease commitments disclosed as of December 31, 2018	\$	4,306
Recognition exemption		
Current leases with a lease term of 12 months or less (short-term leases)		(651)
Other		(165)
Effect from discounting at the incremental borrowing rate as of January 1, 2019		(817)
Lease liabilities due to initial application of IFRS 16 as of January 1, 2019	\$	2,673
Lease liabilities from finance leases as of January 1, 2019		5,934
Lease liabilities as of January 1, 2019	\$	8,607
Current lease liabilities	\$	597
Non-current lease liabilities		8,010
Lease liabilities as of January 1, 2019	\$	8,607

The associated ROU assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the ROU assets at the date of initial application. The ROU asset is depreciated on a straight-line basis over the lease term or, if it is shorter, over the useful life of the leased asset. The provisions of IAS 36 concerning the determination and recognition of impairments of assets also apply to ROU assets. The ROU assets are included in Property and Equipment (Note 10).

For leases previously classified as finance leases, the Company recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The initial application of IFRS 16 resulted in recording ROU assets in the amount of \$2,605 and lease liabilities in the amount of \$2,673 in the consolidated statements of financial position as at January 1, 2019. There were no transitional adjustments recognized in opening retained earnings.

Lessor Accounting

The accounting policies applicable to the Company as lessor are not different from those under IAS 17. However, when the Company is an intermediate lessor, if the head lease is a short-term lease that the Company has accounted for applying the short-term lease exemption, the sublease has been classified as an operating lease. Otherwise, the sub-leases are classified with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

k) Revenue Recognition

The Company recognizes revenue from contracts with customers either at a point in time when the customer obtains control of the promised goods or services, or over time based on the pattern of transfer of control to the customer. A contract with a customer exists when it is approved by all parties and the parties are committed to perform their respective obligations. A contract also must identify payment terms and each party's rights to promised goods or services to be transferred. Revenue is measured at the consideration to which the Company expects to be entitled to in exchange for those goods or services and is recognized when it is probable that consideration under the contract will be collected. The Company's contracts with customers may include multiple performance obligations, in which case the consideration received is allocated to each separate performance obligation. Certain contracts with customers include variable consideration which is allocated to the applicable performance obligation and the expected value is recognized when the related performance obligation is satisfied and when it is highly probable that there will not be a significant reversal of cumulative revenue.

Long-term contracts, where the period between payment and performance exceeds one year, will be considered for a potential financing component.

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The Company's revenue is primarily generated from the provision of geo-analytics imagery products and services, the sale or licensing of Earth imagery data to customers in the EO industry and in prior years, from engineering and value-added services. Revenue recognition for each type of revenue is described below. Advance payments received from customers are recorded as deferred revenue and are recognized into income on a proportionate basis when the associated performance obligations are satisfied.

GEO-ANALYTICS IMAGERY PRODUCTS AND SERVICES AND EARTH IMAGERY DATA

The Company generally recognizes revenue on its Geo-analytics imagery products and services and Earth imagery data when the order is fulfilled and delivered to the customer. Certain contracts include terms and conditions related to customer acceptance, in which case revenue is recorded upon customer acceptance, or, where acceptance terms are objective, revenue is recognized upon delivery provided that all other performance obligations criteria have been met. Certain contracts, where the Company provides geo-analytics services or access to imagery products over a specified period of time, are recognized on a percentage of completion basis, in which revenue is recognized upon the fulfillment of milestones based on the proportion of costs incurred over the total estimated cost to complete the contract or over the expected contract term over which the services are expected to be fulfilled. Revenue associated with license extensions is recognized on a straight-line basis over the term of the extension.

Revenues from contracts with resellers, or where the Company is a member of a consortium of suppliers to provide EO data to a third party, are recognized when transfer of control of the goods or services is satisfied, collection of the consideration is probable, and amounts are not deemed highly probable of a revenue reversal. Transfer of control is generally satisfied upon the delivery and acceptance of the data by the final customer and when a present right to payment has been established.

ENGINEERING AND VALUE-ADDED SERVICES

When engineering and value-added services are provided by an indeterminate number of acts over a specified period of time and where the customer obtains control over time, the Company recognizes revenue on a straight-line basis over the specified period, which approximates the stage of completion of the performance obligation under the project, and may be adjusted for any project delays. Revenue for other engineering service contracts involving the provision of space hardware, where the customer obtains control over time, is recognized based on the stage of completion, which is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for the contract. Costs incurred in the current period in connection with future activity on the contract are excluded from contract costs in determining the stage of completion.

l) Government Grants and Low-Interest Loans

Government grants from public entities are recognized when there is a reasonable certainty that the conditions for their granting and repayment will be met. Capital grants paid in the form of monetary assets are recognized as deferred revenue in the statement of financial position and are recognized as other income when the corresponding assets are depreciated. Operating grants are recognized directly to other income on the consolidated statements of loss and comprehensive loss, or are offset against capitalized development costs, as applicable.

The Company recognizes government contributions when there is reasonable assurance that the contributions will be received and that the Company will comply with all attached conditions. Repayable government contributions are accounted for as interest-bearing long-term debt when the proceeds are received. The Company recognizes the benefit of a government loan at a below-market rate of interest as a government grant. The initial measurement of the accounting liability is discounted using the prevailing market interest rate at the time for an instrument with similar features, such as similar currency, term, type of interest rate, guarantees and credit rating. The difference between the face value and the discounted value of the long-term obligation is accounted for as a government grant, which is recorded as a reduction of the associated internally developed intangible asset.

m) Equity-settled Share-based Payments

The Company has a stock option plan and a restricted share unit ("RSU") plan, which are described in Note 19. Share-based awards are measured at fair value on the date of the grant, which for stock options is determined using the Black-Scholes option pricing model and for RSUs is the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date. Management uses judgment to determine the inputs to the Black-Scholes option pricing model, including the expected plan lives, underlying share price volatility and forfeiture rates. The fair value of each tranche is expensed on a straight-line basis over the vesting

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period. When the terms and conditions of options or RSUs are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

When equity-settled share-based payments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model for stock options and for RSUs is the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date.

All equity-settled share options are recorded in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount recorded in contributed surplus is credited to share capital, adjusted for any consideration received.

n) Cash-settled Share-based Payments

The Company adopted a phantom share unit ("PSU") plan in June 2019, as further described in Note 19(c), and the PSUs are considered cash-settled share-based payments.

Share-based awards are measured at fair value on the date of the grant, which for PSUs is the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date. Subsequent to the date of grant, PSUs are re-measured at their fair value at each reporting period based on the closing market price of the Common Shares.

The fair value of PSUs that are expected to vest is recognized as share-based payments expense over the vesting period with a corresponding increase in liabilities. The fair value of each tranche is expensed on a graded basis over the vesting period. Management uses judgment to determine the number of PSUs that are expected to vest, which includes an estimation of expected forfeiture rates and satisfaction of performance conditions.

All cash-settled PSUs are recorded as a liability until redeemed. Upon settlement, vested PSUs are cancelled and the liability is reduced by the settlement amount.

o) Research Expenditures

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in loss and comprehensive loss as incurred.

p) Investment Tax Credits

The Company is entitled to certain Canadian federal and provincial tax incentives for qualified scientific research and experimental development activities. Investment tax credits are available to the Company to reduce actual income taxes payable and will be recorded in the financial statements when it is probable that such credits will be utilized, which is dependent upon the generation of future taxable income.

q) Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred taxes are recognized in the consolidated statement of loss and comprehensive loss except to the extent that they relate to items recognized directly in equity.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company also reassesses deferred tax assets that have been recognized and derecognizes deferred tax assets where it is no longer probable that future taxable profit will allow the deferred tax asset to be recovered.

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r) Loss per Share

Basic loss per share has been calculated using the weighted-average number of common shares outstanding during the period.

Diluted loss per share is calculated by adjusting the loss applicable to common shareholders and the weighted-average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise stock options, restricted share units, share purchase warrants and convertible debentures.

s) Financial Instruments

FINANCIAL ASSETS

When the Company recognises a financial asset, it classifies it based on the Company's business model for managing the financial asset and the financial asset's contractual cash flow characteristics, as follows:

- Amortized cost — a financial asset is measured at amortized cost if both of the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income ("FVOCI") — financial assets are classified and measured at FVOCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss ("FVTPL") — any financial assets that are not held in one of the two business models mentioned are measured at FVTPL.

The Company's accounting policy for each category is as follows:

- Cash and restricted term deposits are measured at amortized cost.
- Derivative financial assets, such as derivatives entered into by the Company that are not designated as hedging instruments, are measured at FVTPL on initial recognition and subsequently. Any gains or losses arising from changes in fair value of these instruments are recorded in the consolidated statements of loss and comprehensive loss.
- Trade and other receivables are initially measured at fair value and subsequently measured at amortized cost.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The impairment of financial assets is based on an expected credit loss ("ECL") model. The impairment model applies to financial assets measured at amortized cost and debt instruments measured at FVOCI, and requires that the Company consider factors that include historical, current and forward-looking information when measuring ECL. The Company uses the simplified approach for measuring losses based on the lifetime ECL for trade and other receivables. Expected credit losses are recognized in operating costs in the Consolidated Statements of Loss and Comprehensive Loss. Trade and other receivables are written off when there is no reasonable expectation of recovery, which can be demonstrated by failure of debtors to engage in a repayment plan with the Company or failure to make contractual payments that are significantly past due.

FINANCIAL LIABILITIES

Financial liabilities are classified into one of the following categories based on the purpose for which the liability was incurred. All transactions related to financial instruments are recorded on a trade date basis. Fair value changes are generally presented (i) in OCI if the amount of change in the fair value is attributable to changes in credit risk of the liability; and (ii) in profit or loss for the remaining amount of change. The Company's accounting policy for each category is as follows:

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Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. The Company designates certain liabilities at fair value through profit or loss. Financial instruments included in this category include financial instrument embedded derivatives and derivatives, such as interest rate swaps and foreign exchange forward contracts, entered into by the Company that are not designated as hedging instruments.

These instruments are measured at fair value, both initially and subsequently. The related transaction costs are expensed. Gains and losses arising from changes in fair value of these instruments are recorded in the consolidated statement of loss and comprehensive loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities, which includes finance lease liabilities, bank and other loans, long-term debt and convertible debentures, that are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

a) Leases

The Company adopted IFRS 16 *Leases* on January 1, 2019 using the modified retrospective approach, which requires transitional adjustments, if any, to be recorded in retained earnings on the date of initial application without restating prior year comparatives. The Company elected to apply the optional practical expedients such that for any expired or existing leases it did not reassess lease classification, initial direct costs or whether any expired or existing contracts are or contain leases.

IFRS 16 replaced IAS 17 *Leases* and eliminated the current distinction between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires that nearly all leases be capitalized by the lessee, with an exemption for leases of very low value or of a short-term duration, resulting in an accounting treatment similar to finance leases under IAS 17.

The initial application of IFRS 16 resulted in recording ROU assets in the amount of \$2,605 and lease liabilities in the amount of \$2,673 in the consolidated statements of financial position as at January 1, 2019. There were no transitional adjustments recognized in opening retained earnings. The Company's lease accounting policy is described in Note 3(j).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Assumption and Estimation Uncertainties

The Company makes estimates and assumptions about uncertain future events that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions and may give rise to material adjustments.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about estimates, assumptions and other sources of estimation uncertainty as at December 31, 2019 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below:

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a) Fair Values of Assets Acquired and Liabilities Assumed in Business Combinations

The fair value of net assets acquired is determined using valuation techniques that require estimation of replacement costs, future net cash flows and discount rates. As described in Note 6, the Company allocated the purchase price to the estimated fair value of the identifiable assets acquired and liabilities assumed, based on an independent valuation of the intangible assets. The fair value of the deferred consideration is determined by discounting the future consideration, which requires estimation of the timing of those outflows and discount rates.

The fair value of deferred contingent consideration related to the Geosys Acquisition is based on estimates of future revenues on royalty-bearing products of the acquired business over the contractual earn-out period as measured against the contractually agreed revenue targets, as described further in Note 6.

b) Estimated Impairment of Non-current Assets Held for Sale

The Company assesses non-current assets classified as held for sale for impairment at the end of each reporting period.

During the year ended December 31, 2019, management considered the non-current assets of Deimos Imaging, which were classified as held for sale during the three months ended March 31, 2019, for impairment at the time of classification as held for sale and subsequently. The Company performed an impairment test by comparing the carrying value of the disposal group against its estimated fair value less costs to sell which resulted in an impairment loss of \$9,763 at December 31, 2019. The impairment loss is included in the results of the discontinued operation (Note 7) and was primarily due to the deterioration in market conditions impacting the disposal group's projected future cashflows from its Deimos-1 and Deimos-2 satellites and third party sales, delays in securing large contracts, a smaller salesforce and lower than budgeted sales for the year. The Company ceased depreciation and amortization of the non-current assets of Deimos Imaging after the first quarter of 2019 when these assets were classified as held for sale.

The key assumptions underlying the recoverable amount involve a significant degree of estimation, including management's expectations of revenue growth rates, cash flow projections, the inputs used to calculate the discount rate, and terminal value multiplier, as further discussed in Note 11(a)(ii).

c) Estimated Impairment of Property and Equipment and Intangible Assets with Finite Lives

The Company assesses whether property and equipment and intangible assets with finite lives, including those not yet in use, are impaired in accordance with the accounting policy described in Note 3(i).

The Company assessed development costs that were not yet in use for impairment at December 31, 2019 and determined that there was no impairment.

During the year ended December 31, 2018, the Company recognized impairment losses of its web platform development costs and the optical component of its OptiSAR development costs which are included in technologies and software in development.

Management determined the web platform assets to be obsolete with no future intended use and that the carrying value of the assets of \$744 should be written down to nil. Also, the estimated recoverable amount relating to the optical component of its OptiSAR development costs were determined to be minimal due to the high level of uncertainty over whether the Company will be able to monetize these assets, Company's revised strategy under its new leadership to pursue SAR-based stand-alone projects that do not require an optical sensor, and the deterioration of geopolitical relations in the fourth quarter of 2018 which restricted the Company's ability to close new contracts with an existing customer. As a result, the Company recognized an impairment loss of \$9,612 relating to this optical component and a total impairment loss of \$10,356 on technologies and software in development during the year ended December 31, 2018.

The estimated recoverable amount of technologies and software in development are sensitive to a number of considerations including how the technology compares to other available technology, cost to replicate development and timing and the ability to negotiate contracts to monetize the assets. Changes to these assumptions could have a material impact on the impairment.

d) Impairment of Goodwill and Intangible Assets with Indefinite Lives

The Company assesses goodwill and intangible assets with indefinite lives for impairment on an annual basis, or more frequently when circumstances exist which indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level, or CGU, for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets. The recoverable amount is the higher of an asset or CGU's fair value less cost of disposal and its value in use. An impairment loss is recognized for the amount by which the

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asset or CGU's carrying amount exceeds its recoverable amount. The key assumptions underlying the recoverable amount involve a significant degree of estimation, including management's expectations of revenue growth rates, cash flow projections, the inputs used to calculate the discount rate, and terminal value multiplier. These assumptions are further discussed in Note 12(a) with respect to the impairment testing of goodwill from the Geosys acquisition.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

a) Functional Currency

As described in Note 2(c), the Company and its subsidiaries use the Canadian dollar, Euro and United States dollar, respectively, as their functional currency, based on the predominant currency of each entity's transactions and cash flows. Management uses judgment in determining the primary economic environment in which a subsidiary operates in assessing a subsidiary's functional currency, as well as the functional currency to be used for presentation purposes in the consolidated financial statements.

b) Capitalization of Internally Developed Intangible Assets

As described in Note 3(g), the Company capitalizes internally developed intangible assets when certain criteria are met. In particular, the Company uses judgment in making determinations about the technical and commercial feasibility of the technologies under development and of the future economic benefits to be derived from them.

c) Valuation of Derivative Financial Instruments

In measuring the fair value of its embedded derivatives and derivative warrant liabilities, the Company uses judgment to determine key assumptions used in the valuation model, specifically with respect to the probability of a down-round provision as described in Note 16(a) and the probability of a change of control.

d) Accounting for Business Combinations

While title over the Geosys IP, as described in Note 6, is to be transferred from Land O'Lakes to the Company on second closing of the acquisition, the Company has made the judgment that sufficient control over the assets existed at the time of first closing and therefore included the estimated fair value of the Geosys IP in intangible assets within the purchase price allocation.

Accounting for a business combination requires an assessment of the existence, fair value and expected useful lives of separable intangible assets such as technologies and software, customer relationships and tradenames at the date of acquisition. The assessment of useful lives requires significant judgment and determines future amortization charges and carrying amounts.

6. ACQUISITION OF GEOSYS

On November 7, 2018, the Company announced that it had entered into a definitive purchase agreement (the "Purchase Agreement") with Land O'Lakes Inc. ("Land O'Lakes") for the acquisition of its wholly owned subsidiary, Geosys Technology Holding LLC ("Geosys"), and certain of its intellectual property (the "Geosys IP") related to software for accessing, processing, cataloguing and retrieving of images, on substantially the same terms set forth in the binding letter of intent announced on August 14, 2018. The acquisition of Geosys positions UrtheCast as a fully vertically-integrated geo-analytics solution provider for the precision agriculture market, able to integrate satellite imagery services with analytics.

On January 14, 2019, the Company completed the first closing of the acquisition of Geosys (the "Geosys Acquisition"). The aggregate cash purchase price of the Geosys Acquisition of US \$20,000 is payable in three installments for 100% of the ownership of Geosys. The Company paid US \$5,000 to Land O'Lakes on the first closing of the transaction, US \$5,000 is payable within nine months of the first closing (the "Second Instalment") and US \$10,000 is payable on second closing upon transfer of the Geosys IP from Land O'Lakes prior to April 13, 2021. The transfer is subject to the Company completing separation of the Geosys IP from Land O'Lakes' intellectual property. In November 2019, the Company received a deferral from Land O'Lakes with respect to the payment of the Second Instalment which was due in October 2019. Pursuant to an amendment to the purchase agreement, Land O'Lakes agreed to defer US \$750 to January 1, 2020, through a setoff of amounts owed by Land O'Lakes under the Winfield SLA, and US \$4,250 to February 14, 2020. A further deferral was received subsequent to December

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31, 2019, as described in Note 29(c). The deferred consideration of US \$15,000 is measured at fair value on the acquisition date by discounting the future consideration at a discount rate of 13.5%.

Under the Purchase Agreement, the Company is required to pay a 10% royalty on certain royalty-bearing revenues, except those arising from the Winfield SLA described below, if they exceed an annual revenue threshold for the term of the Winfield SLA. The present value of the estimated future royalty payments of \$1,748 was recognized as deferred royalty consideration at the acquisition date as part of the total purchase consideration of Geosys.

On first closing, the Company also entered into a new 13-year agreement to provide Land O'Lakes with certain services currently provided by Geosys to Land O'Lakes with total annual fees payable to the Company in excess of US \$10,000 per year, and an increased rate at such time that the UrtheDaily Constellation is operational (the "Winfield SLA"). Land O'Lakes has also agreed to provide to the Company certain services and a license for the Geosys IP from the first closing until the second closing under an interim services agreement.

The Company has accounted for the acquisition as a business combination using the acquisition method. The allocation of the purchase price to the fair value of the identifiable assets and liabilities of Geosys at January 14, 2019 is presented in the table below and was based on an independent valuation of the intangible assets acquired and management's best estimate of fair value of other assets acquired and liabilities assumed. In finalizing the purchase price consideration, the Company recognized material adjustments to the preliminary fair values, including a decrease to intangible assets and deferred tax liabilities, and recognition of goodwill, as well as to the purchase consideration by recognizing the deferred royalty consideration.

	Fair Values at Acquisition Date	
	USD	CAD
Cash	\$ 1,080	\$ 1,433
Trade and other receivables	2,333	3,097
Prepaid expenses and deposits	550	730
Property and equipment	1,762	2,338
Intangible assets - technologies and software	3,150	4,180
Intangible assets - customer relationships	8,100	10,748
Intangible assets - trade names	650	862
Total assets	17,625	23,388
Trade and other payables	(2,671)	(3,544)
Income taxes payable	(215)	(285)
Deferred revenue	(676)	(897)
Other financial liabilities	(1,435)	(1,904)
Deferred income tax liabilities	(2,943)	(3,905)
Total identifiable net assets at acquisition date	\$ 9,685	\$ 12,853
Goodwill	8,700	11,543
Total net assets at acquisition date	\$ 18,385	\$ 24,396
Purchase consideration		
Cash paid	\$ 5,000	\$ 6,635
Deferred consideration	12,068	16,013
Deferred royalty consideration	1,317	1,748
Total purchase consideration	\$ 18,385	\$ 24,396

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Goodwill is primarily attributable to the skilled workforce and anticipated revenue synergies.

The Company recorded acquisition costs, including legal, tax and other advisory fees, of \$73 during the year ended December 31, 2019 (2018 - \$719).

The Company's consolidated statement of loss and comprehensive loss for the year ended December 31, 2019 includes revenue of \$18,280 and net income of \$1,342, contributed by Geosys after the acquisition date.

Had Geosys been acquired on January 1, 2019, based on management estimates, the Company's consolidated statement of loss and comprehensive loss for the year ended December 31, 2019 would have included additional revenue of \$63 and net loss of \$482 with respect to the acquired operations.

7. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

In the first quarter of 2019, the Company committed to a formal plan and commenced a bid process to sell all or substantially all of the assets of Deimos Imaging comprising the Deimos-1 and Deimos-2 satellites, operations and ground station assets. Accordingly, the associated assets and liabilities have been classified as held for sale and are presented at the lower of their carrying amount and their fair value less costs to sell as at December 31, 2019. The Company ceased depreciation of Deimos Imaging's significant property and equipment and intangible assets effective April 1, 2019.

The audited consolidated statements of loss and comprehensive loss and statements of cash flows have been re-presented to classify the discontinued operation separately from continuing operations. The Company continues to explore a viable transaction but there can be no assurance that a binding transaction will be entered into.

The following assets and liabilities were classified as held for sale at December 31, 2019:

	December 31, 2019
Assets	
Cash	\$ 921
Restricted term deposits (Note 8)	7,526
Trade and other receivables (Note 9)	2,830
Prepaid expenses and deposits	236
Property and equipment (Note 10(a))	20,790
Intangible assets (Note 11)	9,754
Total assets of disposal group held for sale	42,057
Liabilities	
Trade and other payables	(7,260)
Long-term debt (Note 14)	(22,356)
Other financial liabilities (Note 17)	(5,696)
Deferred revenue	(136)
Liabilities directly associated with disposal group held for sale	(35,448)
Net assets directly associated with disposal group	\$ 6,609

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The results of the discontinued operation for the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Revenue	\$ 9,697	\$ 9,414
Other operating income	502	147
	10,199	9,561
Operating costs		
Direct costs, selling, general and administrative expenses	13,349	18,445
Depreciation and amortization	4,311	16,571
Share-based payments	(72)	145
Impairment of assets (Note 11(a)(ii))	9,763	10,085
	27,351	45,246
Operating loss	(17,152)	(35,685)
Other income (expenses)		
Finance income	-	3
Finance costs	(1,233)	(1,432)
Gain on derivative financial instruments (Note 24(a))	43	15
Foreign exchange loss	(56)	(7)
Loss before income taxes	(18,398)	(37,106)
Income tax recovery (expense)	535	(5,366)
Net loss from discontinued operation	(17,863)	(42,472)
Loss per common share, basic and diluted	\$ (0.13)	\$ (0.34)

The cash flow information for the discontinued operation for the years ended December 31, 2019 and 2018 is as follows:

	Year Ended December 31,	
	2019	2018
Net cash from (used in) operating activities	\$ 634	\$ (3,279)
Net cash used in investing activities	(3)	(54)
Net cash used in financing activities	(2,106)	(10,901)
Net decrease in cash from discontinued operation	\$ (1,475)	\$ (14,234)

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8. RESTRICTED TERM DEPOSITS

	December 31, 2019	December 31, 2018
Collateral for bank guarantees associated with a Spanish government subsidy	\$ 7,307	\$ 7,785
Collateral for letters of credit for corporate credit cards	237	273
Collateral for a bank guarantee associated with an EO customer contract	219	234
Total restricted term deposits	7,763	8,292
Assets held for sale (Note 7)	(7,526)	-
	237	8,292
Current portion	(237)	(8,058)
Non-Current portion	\$ -	\$ 234

Term deposits classified as current have maturities of one year or less.

9. TRADE AND OTHER RECEIVABLES

	December 31, 2019	December 31, 2018
Unbilled revenue	\$ 12,778	\$ 18,028
Trade accounts receivable (a)	2,658	1,251
Sales tax and other receivables	2,587	1,777
Government funding receivable	1,641	1,122
Total trade and other receivables	19,664	22,178
Assets held for sale (Note 7)	(2,830)	-
	16,834	22,178
Current portion	(15,525)	(22,178)
Non-current portion	\$ 1,309	\$ -

a) US \$10,000 Receivables Purchasing Agreement

On February 26, 2019, the Company signed a US \$10,000 receivables purchasing agreement (the "RPA") with a working capital financing agent ("Financing Agent") which allows the Company to finance certain qualifying trade receivables. The RPA requires the Company's customer to remit payment to the Financing Agent's collection account; however, the Company continues to service collection of the receivables. The financed trade receivables are derecognized in full at the time of purchase by the Factoring Agent as substantially all of the risks and rewards are considered to have been transferred by the Company.

During the year, the Company financed the quarterly trade receivables under the Winfield SLA. In December 2019, the Company financed trade receivables under the Winfield SLA with a fair value of US \$1,775 and received advance proceeds of approximately US \$1,671 which represented 95% of the face value of the trade receivables, net of interest of \$15. The remaining 5% of the financed receivables were collected subsequent to December 31, 2019.

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10. PROPERTY AND EQUIPMENT

	Cameras, Satellites and Related Equipment	Computer Equipment	Furniture and Fixtures	Right of Use Assets (a)	Total
Year ended December 31, 2018					
Opening net book value	\$ 41,992	\$ 526	\$ 855	\$ -	\$ 43,373
Additions	-	38	11	-	49
Disposals	-	-	(74)	-	(74)
Depreciation	(11,460)	(305)	(332)	-	(12,097)
Foreign exchange rate changes	1,152	7	15	-	1,174
Closing net book value	\$ 31,684	\$ 266	\$ 475	\$ -	\$ 32,425
At December 31, 2018					
Cost	\$ 135,595	\$ 1,985	\$ 1,837	\$ -	\$ 139,417
Accumulated depreciation	(103,911)	(1,719)	(1,362)	-	(106,992)
Net book value	\$ 31,684	\$ 266	\$ 475	\$ -	\$ 32,425
Year ended December 31, 2019					
Opening net book value	\$ 31,684	\$ 266	\$ 475	\$ -	\$ 32,425
Additions	-	-	35	2,568	2,603
Disposals	-	-	(29)	-	(29)
Acquired in business combination (Note 6)	-	-	599	1,739	2,338
Depreciation	(2,825)	(159)	(348)	(970)	(4,302)
Impairment (Note 11(a))	(6,606)	-	-	-	(6,606)
Reclassified to assets held for sale (Note 7)	(20,412)	(79)	(132)	(167)	(20,790)
Foreign exchange rate changes	(1,841)	(11)	(13)	(125)	(1,990)
Closing net book value	\$ -	\$ 17	\$ 587	\$ 3,045	\$ 3,649
At December 31, 2019					
Cost	\$ 64,364	\$ 1,421	\$ 2,586	\$ 3,717	\$ 72,088
Accumulated depreciation	(64,364)	(1,404)	(1,999)	(672)	(68,439)
Net book value	\$ -	\$ 17	\$ 587	\$ 3,045	\$ 3,649

Cameras, satellites and related equipment include the Deimos-1 and Deimos-2 satellites acquired in July 2015, and associated ground station, data handling and receiving equipment.

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a) Right of Use Assets ("ROU Assets")

As a result of the adoption of IFRS 16 on January 1, 2019 as described in Note 4, the Company recorded ROU assets and recognized lease liabilities for most leases which had been expensed as operating leases prior to January 1, 2019.

11. INTANGIBLE ASSETS

	Technologies and Software in Development	Technologies and Software in Use	Customer Relationships	Trade Names and Patents	Total
Balance at January 1, 2018	\$ 34,233	\$ 17,862	\$ 3,426	\$ 2,425	\$ 57,946
Additions	11,740	11	-	203	11,954
Government funding	(2,937)	-	-	-	(2,937)
Amortization for the period	-	(4,173)	(765)	-	(4,938)
Impairment (a)	(10,356)	-	(2,369)	(1,709)	(14,434)
Foreign exchange rate changes	-	503	53	31	587
Balance at December 31, 2018	\$ 32,680	\$ 14,203	\$ 345	\$ 950	\$ 48,178
Additions	6,233	1,574	-	208	8,015
Acquired in business combination (Note 6)	-	4,180	10,748	862	15,790
Government funding (b)	(2,122)	-	-	-	(2,122)
Amortization for the period	-	(2,675)	(816)	-	(3,491)
Impairment (a)	-	(3,018)	(74)	(65)	(3,157)
Reclassified to assets held for sale (Note 7)	-	(9,326)	(227)	(201)	(9,754)
Foreign exchange rate changes	-	(886)	(198)	(32)	(1,116)
Balance at December 31, 2019	\$ 36,791	\$ 4,052	\$ 9,778	\$ 1,722	\$ 52,343

Intangible assets are comprised of technologies and software in development associated with the Company's OptiSAR and SAR related technologies and its UrthePipeline ground segment systems. Technologies and software in use include the ground segment infrastructure and software related to the Deimos-1 and Deimos-2 satellites which were reclassified to assets held for sale during 2019 in addition to the technologies and software acquired as part of the Geosys acquisition. Intangible assets also include customer relationships and trade names and patents acquired as part of the Geosys Acquisition and as part the acquisition of Deimos Imaging in 2015.

During the year ended December 31, 2019, the Company capitalized \$1,055 (2018 - \$732) of interest on specific borrowings as well as general borrowings associated with costs incurred on qualifying internally developed technologies and software, using an annualized capitalization rate of 8.59% of qualifying expenditures (2018 - 4.81%).

a) Asset impairment

(i) Impairment of Technologies and Software in Development

The Company assessed development costs that were not yet in use for impairment at December 31, 2019 in accordance with its accounting policy described in Note 3(i) and determined that there was no impairment.

During the year ended December 31, 2018, the Company recognized an impairment loss of \$10,356 on technologies and software in development, including \$9,612 relating to the optical component of its OptiSAR development costs and \$744 relating to its web platform assets.

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(ii) Impairment of Non-current Assets Held for Sale

As described in Note 5(b), during the year ended December 31, 2019, management performed an impairment test related to the non-current assets of Deimos Imaging, including the above noted technologies and software in use and satellites and related equipment, which indicated an impairment loss as the estimated recoverable amount was lower than the carrying amount of the assets. As a result of classifying those assets as held for sale during the first quarter of 2019, the Company ceased depreciating and amortizing the non-current assets of Deimos Imaging after the first quarter of 2019 which resulted in a higher carrying value than if the assets were not classified as held for sale. The Company recognized an impairment loss of \$9,763, which is included in the results of discontinued operation (Note 7), in order to write down the disposal group to its estimated fair value less costs to sell at December 31, 2019. An impairment loss of \$6,606 was recognized to cameras, satellites and related equipment (Note 10), \$3,018 to software and technologies in use, \$74 to customer relationships and \$65 to trade names.

The recoverable amount of the disposal group was based on its fair value less costs of disposal, which is the price that would be received in an orderly transaction between market participants in current market conditions at the measurement date. The fair value less costs of disposal was determined based on an income approach by discounting the future after-tax cashflows and terminal value of the disposal group. The recoverable amount includes the expected cashflows related to the Deimos-1 and Deimos-2 satellites until the end of their estimated useful lives as well as revenues from third party data sales. The cashflows were projected over a 10-year period based on past experience, management's best estimates of future revenue streams and actual operating results, and were discounted using an after-tax discount rate of 9.5%.

Significant assumptions used in preparing the discounted cash flow model included management's estimation of future revenue forecasts and growth rates, future operating costs, inputs used to calculate the discount rate, tax rates, and terminal value multiple. The recoverable amount is most sensitive to changes in revenue growth forecasts and the discount rate. If the revenue growth rate used in the calculation had been 1% lower than management's estimate at December 31, 2019, the Company would have had to recognize a further impairment loss against the disposal unit of approximately \$4,000. If the post-tax discount rate applied to the cash flow projections had been 1% higher, the Company would have had to recognize a further impairment loss against the disposal unit of approximately \$1,700 at December 31, 2019.

The recoverable amount of the disposal group was estimated to be less than its carrying amount primarily due to the deterioration in market conditions impacting the disposal group's projected future cashflows from its Deimos-1 and Deimos-2 satellites and third party sales, delays in securing large contracts, a smaller salesforce and lower than budgeted sales for the year.

During the year ended December 31, 2018, the Company also determined that the recoverable amount of the Company's CGUs comprising the Deimos-1 and Deimos-2 satellites, related equipment and intangibles assets, was lower than their carrying values. As a result, the Company recognized impairment losses of \$1,709 relating to certain tradenames and \$2,369 relating to customer relationships, in addition to \$6,007 relating to goodwill as described in Note 12 (b).

b) Government funding

In February 2017, the Company was awarded approximately \$17,600 in funding from Innovation, Science and Economic Development Canada's Industrial Technologies Office as part of its Strategic Aerospace & Defence Initiative ("SADI"), which provides significant financial support for the ongoing development of the Company's OptiSAR and SAR related technologies. The funding is structured as a repayable contribution that will be disbursed on a cost-reimbursement basis in quarterly instalments. The funding will be repayable in annual instalments over 15 years, expected to begin in April 2023. The maximum amount to be repaid by the Company is 1.65 times the amount contributed by SADI, or approximately \$29,000. The interest rate used to discount the initial long-term liability is 10% and involves a high degree of estimation, which can have a material impact on the respective values recorded for the government grant and the long-term liability.

In 2019, the Company filed claims related to SADI totalling \$1,267 for the reimbursement of eligible costs incurred in 2019 (2018 - \$2,732). The Company recognized the grant portion of the eligible costs, amounting to \$518, as a reduction of the intangible asset and recorded \$580 in trade and other receivables (Note 9). The Company received proceeds of \$1,203 (2018 - \$3,481) during the year ended December 31, 2019, of which \$664 was recognized as a long-term repayable government loan (Note 14(b)). At December 31, 2019, \$6,344 of available funding remained available under the SADI facility.

In July 2019, the Company signed a project funding agreement with Canada's Digital Technology Supercluster ("Supercluster") to receive up to approximately \$1,400 in non-repayable funding to reimburse costs incurred to advance development of its UrthePipeline ground segment systems. The Company filed claims under the Supercluster agreement totalling \$935 for the reimbursement of eligible costs incurred in 2019 which were credited against technologies and software in development.

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The Company recognized claims under other Canadian government funding programs of \$2,119 for eligible costs incurred during 2019, (2018 - \$1,638), of which \$670 was credited against technologies and software in development and \$1,394 was recognized as other operating income during 2019.

12. GOODWILL

Reconciliation of Carrying Amount

	2019	2018
Balance, beginning of year	\$ -	\$ 5,927
Goodwill from acquisition of Geosys (a)	11,543	-
Foreign exchange rate changes	(206)	80
Impairment loss (b)	-	(6,007)
Balance, end of year	\$ 11,337	\$ -

a) Impairment Testing of Goodwill from acquisition of Geosys

The Company recognized goodwill of \$11,543 as a result of the Geosys acquisition and purchase price allocation described in Note 6.

The Company performs a goodwill impairment test annually, or more frequently when circumstances indicate that the carrying value may not be recoverable in accordance with its accounting policy described in Note 3(h).

For the purposes of impairment testing, goodwill acquired in the Geosys Acquisition in January 2019 has been allocated to a CGU comprising the acquired technologies and software, customer relationships, tradename and other relevant net assets that contribute to the cashflows of the business. The recoverable amount of the CGU was based on its fair value less costs of disposal, which is the price that would be received in an orderly transaction between market participants in current market conditions at the measurement date. The fair value less costs of disposal was determined based on an income approach by discounting the future after-tax cash flows and terminal value of the CGU.

The Company performed its annual goodwill impairment test as at December 31, 2019 and no impairment was indicated for the period tested as the recoverable amount of the CGU was estimated to exceed its carrying amount.

Significant assumptions used in preparing the discounted cash flow model included management's estimation of future revenue forecasts and growth rates, future operating costs, inputs used to calculate the discount rate, tax rates, and terminal value multiple.

- The impairment testing was based on a 10-year cash flow projection, beginning with budgeted amounts for 2020, which were based on existing sales contracts, the current probability-weighted sales pipeline, and internal management forecasts for operating expenses. The cash flows include those from the Winfield SLA.
- An after-tax blended discount rate of 9.8% was used to discount the cash flow projections. The discount rate was based on the weighted average cost of capital that a market participant would use, which was calculated with reference to current market information and adjusted for market risk and specific risks that were not reflected in the underlying cash flows.
- The terminal value was based on a multiple of expected free cash flows in the final year of the cash flow projections resulting in an implied growth rate of approximately 3%.

Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of loss and the resulting carrying values of the assets.

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b) Impairment loss of Deimos Imaging

For the purposes of impairment testing at December 31, 2018, goodwill acquired in the acquisition of Deimos Imaging in 2015 was allocated to a group of CGUs comprising the Deimos-1 and Deimos-2 satellites and related equipment and intangible assets.

During the year ended December 31, 2018 the Company determined that the estimated recoverable amount of the CGU was less than its carrying amount, primarily due to the deterioration in market conditions impacting the CGU's projected future cashflows from its Deimos-1 and Deimos-2 satellites and third party sales, delays in securing large contracts, lower than budgeted sales for the year and departure of management personnel towards the end of 2018. The Company wrote down the CGU's carrying value to its estimated recoverable amount, resulting in an impairment loss of \$6,007 (Note 11(a)(ii)).

13. BANK AND OTHER LOANS

	December 31, 2019	December 31, 2018
Secured US \$12,000 Term Loan (a)	\$ 15,395	\$ -
Secured US \$1,500 June Term Loan (b)	1,943	-
Secured US \$1,500 July Term Loan (c)	1,937	-
Unsecured demand promissory note (d)	-	6,807
	\$ 19,275	\$ 6,807

a) US \$12,000 Term Loan

On January 14, 2019, the wholly-owned subsidiary of the Company that acquired Geosys (the "Borrower") entered into a US \$12,000 term loan (the "US \$12,000 Term Loan") with a group of lenders led by Bolzano Investments Limited ("Bolzano") and 1112099 B.C. Ltd. ("1112099"). The US \$12,000 Term Loan originally accrued interest at a rate of 14% per annum, had an original maturity date of January 15, 2020 and is secured by all of the Geosys assets owned by the Borrower.

In satisfaction of conditions required by the lenders, (i) Bolzano appointed an independent director of UrtheCast pursuant to a board appointment right granted by the Company to Bolzano (Note 23 (b)); (ii) the Borrower agreed to pay Bolzano a finance fee in the amount of US \$180 and the Company agreed to issue to Bolzano 19,800,000 common share purchase warrants of UrtheCast having a maturity date of May 25, 2023 and an exercise price of \$0.48 per common share; (iii) each UrtheCast director agreed to defer cash compensation from January 1, 2019 to June 30, 2019; and (iv) certain UrtheCast directors and executives agreed to loan an aggregate principal amount of US \$550, including other funds sourced by such directors and executives from investors acceptable to the lenders, on substantially the same terms as the US \$12,000 Term Loan or on such other terms acceptable to the lenders in consideration for a number of common share purchase warrants of UrtheCast proportionate to the number of common share purchase warrants that UrtheCast agreed to issue to Bolzano. The Company issued a total of 22,275,713 common share purchase warrants effective January 30, 2019 (the "Term Loan Warrants"), including the warrants issued to Bolzano, 660,000 warrants to 1112099 and 1,815,713 warrants to certain directors and officers. The Term Loan Warrants are accounted for as a derivative warrant liability as they do not meet the criteria for equity classification under IFRS. The initial fair value of the derivative warrant liability was recognized as deferred finance costs, along with the US \$180 finance fee and legal fees of US \$25, which were deducted against the debt liability and are being amortized as finance costs over the term of the loan.

Approximately US \$7,900 of the US \$12,000 Term Loan was advanced on January 14, 2019, US \$5,000 was used to repay the previously issued US \$5,000 unsecured demand promissory note dated September 28, 2018 to 1112099 described in (b) below and US \$2,500 was used to partially fund the first installment of the Geosys Acquisition. The balance of the US \$12,000 Term Loan from Bolzano was advanced on January 30, 2019 upon the satisfaction of certain conditions required by the lenders, including the completion of definitive documentation relating to the security of the US \$12,000 Term Loan and the lenders' conditions described above, and was available for general corporate purposes.

In connection with the US \$1,500 June Term Loan described in (b), the terms of the US \$12,000 Term Loan were amended to increase the interest rate from 14% to 17% per annum effective June 26, 2019 and include any net proceeds from the proposed sale of the Company's Deimos assets, after repayment of the Spanish Term Loan, if and when such a sale is completed, as security. Furthermore, the lenders agreed to an extension subsequent to December 31, 2019 as discussed in Note 29(d).

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b) Secured US \$1,500 June Term Loan

On June 27, 2019, the Borrower entered into an additional US \$1,500 term loan (the "June Term Loan") with Bolzano. The June Term Loan accrues interest at a rate of 17% per annum, had an original maturity date of January 15, 2020 and is secured by all of the Geosys assets owned by the Borrower and any net proceeds from the proposed sale of the Company's Deimos assets, if and when such a sale is completed.

In satisfaction of conditions required by the lender, the Borrower agreed to pay Bolzano a finance fee in the amount of US \$45 and the Company agreed to issue to Bolzano 10,560,000 common share purchase warrants of UrtheCast having a maturity date of June 26, 2024 and an exercise price of \$0.48 per common share, subject to adjustment in certain circumstances.

c) Secured US \$1,500 July Term Loan

On July 26, 2019, the Borrower entered into a US \$1,500 term loan (the "July Term Loan") with Lunar Ventures Inc. ("Lunar") on the same terms as the June Term Loan. The July Term Loan accrues interest at a rate of 17% per annum, had an original maturity date of January 15, 2020 and is secured by all of the Geosys assets owned by the Borrower and any net proceeds from the proposed sale of the Company's Deimos Imaging business or assets, if and when such a sale is completed.

In satisfaction of conditions required by the lender, the Borrower agreed to pay Lunar a finance fee of US \$45 and the Company issued to Lunar 10,560,000 common share purchase warrants of UrtheCast having a maturity date of June 26, 2024 and an exercise price of \$0.48 per common share, subject to adjustment in certain circumstances.

d) Unsecured Demand Promissory Note

On September 28, 2018, the Company obtained a US \$5,000 unsecured demand promissory note from the backstop party which had an interest rate of 14% per annum, payable quarterly in arrears. The unsecured demand promissory note was repaid on January 14, 2019 as described in (a) above.

14. LONG-TERM DEBT

	2019	2018
Spanish Term Loan (a)	\$ 21,191	\$ 24,133
Financing fees	(103)	(228)
Government loans (b)	7,870	6,621
Total long-term debt	28,958	30,526
Long-term debt directly associated with assets held for sale (Note 7)	(22,356)	-
	6,602	30,526
Current portion	-	(10,252)
Non-current portion	\$ 6,602	\$ 20,274

a) Spanish Term Loan

On December 11, 2015, UrtheCast Imaging obtained a loan of €25,000 from a Spanish bank (the "Spanish Term Loan"). The loan, which is secured by the shares of UrtheCast Imaging and its subsidiaries, has a five-year term and will accrue interest, payable twice per year, at the 6-month Euro Interbank Offered Rate (EURIBOR), which shall be deemed to be no less than 0%, plus 2.6% per annum. The loan is repayable in annual instalments of €4,000 over the first four years and €9,000 is repayable on the maturity date. During 2016, UrtheCast Imaging entered into an interest rate swap with the lender, which effectively fixed the EURIBOR rate at 0.19%. The fair value of the interest rate swap at December 31, 2019 of \$52 (2018 - \$100) is included in Other Financial Liabilities (Note 17).

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Under the loan agreement, UrtheCast Imaging, at a consolidated level, is required to meet certain financial covenants consisting of a leverage ratio and a debt coverage ratio. In addition, under the loan agreement, UrtheCast Imaging is required to fund a Debt Service Reserve Account ("DSRA") up to a maximum of €1,000 per year when EBITDA falls within certain thresholds. No DSRA funding has been required to date. UrtheCast Imaging was in compliance with the annual debt coverage ratio at December 31, 2019 and the lender agreed to grant a waiver in respect of compliance with the annual leverage ratio covenant at December 31, 2019 which was formalized in the extension agreement described in Note 29(f).

The loan has a principal balance outstanding of €14,500 at December 31, 2019 (2018 - €15,500), of which €1,500 became due in December 2018, €4,000 became due in December 2019, and €9,000 will become due on the maturity date of December 11, 2020.

The Spanish lender agreed to defer €2,500 of the €4,000 principal payment which was due on December 11, 2018. The Company repaid €1,000 during 2019 and the remaining €1,500 was deferred further by the Spanish lender to September 30, 2019. In October 2019, the Spanish lender agreed in principle to defer €1,350 of the previously deferred €1,500 to January 31, 2020 in exchange for a partial principal repayment of €150 plus accrued interest. Furthermore, the Spanish lender also agreed to defer the €4,000 principal repayment that was due in December 2019 to January 31, 2020 in order to provide the Company with additional time to complete the proposed sale of Deimos Imaging as described in Note 7. A further deferral was agreed to with the Spanish lender subsequent to December 31, 2019, as described in Note 29(f).

b) Government Loans

Government loans consist of interest-free or low-interest loans provided by Spanish government agencies and the SADI loan described in Note 11(b), which are recorded at amortized cost. The loans are repayable in semi-annual or annual instalments ending in 2037.

In connection with some of its financing requirements, the Company was required to reduce and subsequently terminate its existing revolving demand credit facility with RBC and therefore is no longer in compliance with the terms of the SADI funding agreement. While the Company has not received default notice from SADI, management is currently seeking an amendment to the terms of the SADI funding agreement and/or a waiver of this requirement from the Government of Canada, or an alternative credit facility to satisfy the requirements. While the Company expects to resolve this matter and on favourable terms, there can be no assurance that these efforts will be successful and that outstanding and future claims will be collected. However, as further described in note 29(b), a reimbursement of \$1,400 of eligible costs related to previously filed claims to December 31, 2019 was granted in March 2020 pursuant to a one-time waiver from SADI.

Annual principal repayments of long-term debt as at December 31, 2019 are as follows:

	CAD
2020	\$ 21,425
2021	234
2022	215
2023	1,008
2024	1,008
Thereafter	14,817
	<u>\$ 38,707</u>

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15. CONVERTIBLE DEBENTURES

The following table summarizes the change in carrying value of the convertible debentures for the year ended December 31, 2019:

	Principal Amount	Carrying Value
Balance at January 1, 2018	\$ -	\$ -
Principal amount of convertible debentures on issuance (a)	26,676	26,676
Fair value allocated to embedded derivative components (Note 16)	-	(14,324)
Fair value allocated to warrant liabilities (Note 16)	-	(2,808)
Transaction costs allocated to host liability	-	(1,025)
Debentures converted into Common Shares (c)	(774)	(246)
Accretion expense (d)	-	3,985
Balance at December 31, 2018	\$ 25,902	\$ 12,258
Principal amount of convertible debentures on issuance (b)	6,600	6,600
Transaction costs allocated to host liability	-	(265)
Debentures converted into Common Shares (c)	(4,293)	(1,764)
Accretion expense (d)	-	1,841
Balance at December 31, 2019	28,209	18,670
Current portion (a)	(11,601)	(11,601)
Non-current portion	\$ 16,608	\$ 7,069

a) Issuance of Convertible Debentures

The Company closed a private placement of 76,217,260 Subscription Receipts on May 3, 2018 which were sold at a purchase price of \$0.35 for total gross proceeds of \$26,676 which were placed in escrow on closing. The Subscription Receipts were sold through a combination of a brokered private placement for gross proceeds of \$20,659 and non-brokered private placement for gross proceeds of \$6,017 (together, the "Private Placement").

The Subscription Receipts converted into non-interest bearing, unsecured senior convertible debentures in the principal amount of \$26,676 or \$0.35 per debenture (the "Debentures") and 41,681,302 common share purchase warrants (the "Private Placement Warrants") upon qualification for distribution. Each warrant is exercisable at an exercise price of \$0.48 for one Common Share of the Company for a period of five years following issuance of the warrant.

The last tranche of the Private Placement of \$5,001 was released in July 2018 pursuant to an escrow release and amending agreement dated July 10, 2018 in consideration for a payment of \$100 and amendment to the terms and conditions of the Debentures, whereby such debentures shall bear interest at a rate of 12% per annum from the date of issuance of the Debentures until the first draw-down conditions under the Credit Agreement, described in Note 16(a)(i), are completed, satisfied or waived (the "Interest-bearing Debentures"). If the conditions are not satisfied, the investor has the right to request repayment and cancellation of the Interest-bearing Debentures and warrants which, in the event of default, the Company would grant to the holder of such Interest-bearing Debentures a licensing agreement that provides the investor certain limited rights over the Company's SAR IP. While the original satisfaction date was December 31, 2018, the Company entered into an amendment to the agreement in December 2018 pursuant to which the debenture holder extended the date by which the Company must meet the first drawdown conditions under the Credit Agreement and subsequently, an alternative financing for the UrtheDaily Constellation, from December 31, 2018 until February 28, 2019 in consideration for a payment of \$50. On February 28, 2019, the debenture holder extended the date to April 30, 2019 in consideration for \$50 and a general security agreement over the Borrower's assets. Further extensions were granted to August 31, 2019 and the Company is continuing discussions with the debenture holder of the Interest-bearing Debentures for further extensions subsequent to December 31, 2019, as described in Note 29(e).

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As a result, the carrying value of the non-derivative host liability of \$5,001 relating to the Interest-bearing Debentures has been classified as a current liability at December 31, 2019. Also, the fair values of the associated embedded derivative of \$761 and derivative warrant liability of \$118 at December 31, 2019 have been classified as current liabilities and presented within Other Financial Liabilities (Note 17).

b) Unsecured \$6,600 Convertible Debentures

On September 11, 2019, the Company closed a \$6,600 financing (the “\$6,600 Debenture Financing”) with Vine Rose Limited (“Vine Rose”), consisting of a senior unsecured convertible debenture of the Company in the principal amount of \$2,980 (the “September Convertible Debenture”) and a senior unsecured non-convertible debenture of the Company in the principal amount of \$3,620 (the “September Debenture”). These debentures accrue interest at a rate of 17% per annum and had an original maturity date of October 31, 2019. In connection with the financing, the Company paid Vine Rose a 3% finance fee in the amount of US \$150 which was allocated on a pro-rata basis against the carrying value of each debenture.

The September Convertible Debenture is convertible into Common Shares of the Company at the option of the Lender, at any time prior to the maturity date at a conversion price equal to \$0.32 per Common Share (the “Original Conversion Price”). The Original Conversion Price is subject to adjustment in certain circumstances, including if the Company issues any Common Shares or securities convertible into Common Shares (other than pursuant to its equity incentive plan) at a lower price, in which case the conversion price shall be reduced to such lower price but not less than \$0.24, subject to approval from the TSX.

Effective October 31, 2019, the Company and Vine Rose amended the September Convertible Debenture and September Debenture agreements whereby amended unsecured fully convertible debentures of the Company in the aggregate principal amount of \$6,600 (the “\$6,600 Convertible Debentures”) were issued with revised maturity dates of December 31, 2019 and with generally the same terms as the September Convertible Debenture described above. In addition, the Company issued to Vine Rose 6,034,745 common share purchase warrants of UrtheCast effective November 15, 2019 having a maturity date of September 11, 2024 and an exercise price of \$0.48 per common share, subject to adjustment in certain circumstances (Note 16(a)(v)).

The Company is continuing discussions with Vine Rose for further extensions subsequent to December 31, 2019 as further described in Note 29(e).

c) Conversion of Debentures into Common Shares

During 2019, debentures with a principal amount of \$4,293 were converted into 13,415,625 Common Shares. The debt host liability was reduced on the conversion date by the proportionate carrying value of the debentures of \$1,764 and the embedded derivative component was reduced by the conversion date fair value of \$737. The Company recognized the reclassification from financial liability to Common Shares at the aggregate carrying amount of the host liability and fair value of the embedded derivative component of \$2,501 (Note 18) in accordance with its accounting policy.

d) Accretion Expense

Accretion expense of \$1,841 was recorded in finance costs during the year ended December 31, 2019 (2018 - \$3,985), calculated using an effective interest rate of 19.2% (2018 - 19.2%). The Company also recognized \$940 of interest expense on the Interest-bearing Debentures during the year ended December 31, 2019 (2018 - \$360) (Note 21).

e) Valuation

The embedded derivatives and derivative warrant liability were measured first at their fair values on the dates of initial recognition upon the release of proceeds to the Company and recorded separately. The debt host liability was measured at the residual value after deducting the fair values attributable to the embedded derivatives and derivative warrant liability from the total transaction price of the Convertible Debentures. The proceeds from the Debentures were bifurcated between the host debt liability and these derivative components on their respective dates of initial recognition.

The Company used a third-party valuation expert that applied FinCAD's convertible bond model to value the Embedded Derivatives upon initial measurement and subsequently.

The key assumptions used in the model at the December 31, 2019 are as follows:

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	Debentures issued May and June 2018	Interest-bearing Debentures issued July 2018	Convertible Debentures issued October 2019
Share price	\$0.11	\$0.11	\$0.11
Risk-free interest rate	1.68%	1.68%	1.66%
Term to maturity (years)	4.5	4.5	0.3
Expected volatility	57.34%	57.34%	72.24%
Implied credit spread	36.00%	36.00%	35.98%
Probability of a downward adjustment to conversion price	25%	25%	25%
Fair value of embedded derivative	\$0.053	\$0.053	nil

The expected volatility rate was derived from the Company's historical volatility and adjusted for a 40% discount to reflect an estimated implicit volatility discount based on implicit discounts observed in the prices of traded warrants on the TSX.

On date of initial recognition and at December 31, 2019, the fair value of the embedded derivative of the amended September Convertible Debenture was estimated to be nil as the conversion feature was unlikely to be exercised given the short term to maturity and that the conversion price was significantly higher than the share price on date of initial recognition of \$0.14 and at December 31, 2019 of \$0.11, respectively.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The following table reflects the continuity of the derivative financial instruments for the years ended December 31, 2019 and 2018:

	Embedded Derivatives (Note 15)	Derivative Warrant Liabilities (a)	Total
Balance at January 1, 2018	\$ -	\$ -	\$ -
Fair value allocated on issuance of convertible debentures (Note 15)	14,324	2,808	17,132
Fair value on issuance of Backstop Fee Warrants (a)(i)	-	3,460	3,460
Fair value on issuance of Lender Warrants (a)(ii)	-	975	975
Fair value of debentures converted into Common Shares	(320)	-	(320)
Change in fair value	(9,321)	(4,441)	(13,762)
Balance at January 1, 2019	\$ 4,683	\$ 2,802	\$ 7,485
Fair value allocated on issuance of Term Loan Warrants (a)(iii)	-	507	507
Fair value on issuance of June Term Loan Warrants (a)(iv)	-	50	50
Fair value on issuance of July Term Loan Warrants (a)(v)	-	123	123
Fair value on issuance of November Warrants (a)(vi)	-	83	83
Fair value of debentures converted into Common Shares (Note 15(c))	(737)	-	(737)
Change in fair value	(653)	(1,265)	(1,918)
Balance at December 31, 2019	3,293	2,300	5,593
Current portion (Note 15(a))	(761)	(119)	(880)
Non-current portion	\$ 2,532	\$ 2,181	\$ 4,713

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a) Derivative Warrant Liabilities

The following table reflects the continuity of warrants for the years ended December 31, 2019 and 2018:

	Number of Warrants	Fair Value	Weighted Average Exercise Price
Balance at January 1, 2018	-	\$ -	\$ -
Issuance of Private Placement Warrants (Note 15(a))	41,681,302	2,808	0.48
Issuance of Backstop Fee Warrants (i)	23,617,500	3,460	0.15
Issuance of Lender Warrants (ii)	14,275,172	975	0.48
Change in fair value	-	(4,441)	-
Balance at January 1, 2019	79,573,974	\$ 2,802	\$ 0.38
Issuance of Term Loan Warrants (iii)	22,275,713	507	0.48
Issuance of June Term Loan Warrants (iv)	10,560,000	50	0.48
Issuance of July Term Loan Warrants (v)	10,560,000	123	0.48
Issuance of November Warrants (vi)	6,034,745	83	0.48
Change in fair value	-	(1,265)	-
Balance at December 31, 2019	129,004,432	\$ 2,300	\$ 0.42

No warrants were exercised during the year ended December 31, 2019.

The warrants described below are considered a derivative instrument and classified as financial liabilities at FVTPL as they do not meet the criteria for equity classification under IFRS. The warrants are initially measured at fair value and subsequent changes in fair value are recorded through the consolidated statements of loss and comprehensive loss.

Each warrant is exercisable at an exercise price of \$0.48 for one Common Share of the Company, except the Backstop Fee Warrants which have an exercise price of \$0.15, for a period of five years following issuance of the warrant. The exercise period can be accelerated at the option of the Company if the closing share price of the Common Shares of the Company equals or exceeds 250% of the exercise price for at least 20 consecutive trading days. The exercise price is subject to downward adjustment to a lower exercise price to match the lower issue price for shares or convertible instruments issued during the life of the warrants, subject to a floor of \$0.32. Warrant holders have a cashless exercise option that if exercised, may elect to receive the number of Common Shares equal to the difference between the aggregate exercise price and aggregate market price at time of exercise divided by the market price at time of exercise.

(i) Backstop Fee Warrants

The company issued 23,617,500 common share purchase warrants (the "Backstop Fee Warrants") as a result of entering into a conditional backstop agreement (the "Backstop Agreement") on May 3, 2018 with a backstop party.

The Backstop Fee Warrants were issued under similar terms as the Private Placement Warrants, except that each warrant is exercisable at an exercise price of \$0.15, as determined by the lesser of \$0.48 and the volume weighted average price of the Common Shares of the Company for the five trading days immediately prior to the expiry date of the Backstop Agreement of June 17, 2018, less \$0.10.

The fair value on initial recognition of the Backstop Fee Warrants of \$3,460 was expensed as finance costs in the year ended December 31, 2018. Additional transaction costs of \$454 associated with the Backstop Agreement were also expensed as finance costs during the year (Note 21).

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(ii) Lender Warrants

The Company issued 14,275,172 common share purchase warrants (the “Lender Warrants”) to the senior lenders of the US \$142,000 credit agreement (the “Credit Agreement”) dated May 18, 2018 to finance the UrtheDaily Constellation project on similar terms as the warrants described above. On February 13, 2019, as part of a mutual termination agreement to terminate the Credit Agreement, the Company agreed that in lieu of all termination fees otherwise payable under the Credit Agreement, the Lender Warrants will become exercisable upon alternative financing for the UrtheDaily Constellation being secured and drawn down, subject to approval from the TSX. In addition, the Company agreed to pay the expenses of the senior lenders in connection with the Credit Agreement in the amount of approximately \$325.

(iii) Term Loan Warrants

In connection with the secured US \$12,000 Term Loan described in Note 13(a), on January 30, 2019, the Company issued a total of 22,275,713 common share purchase warrants of UrtheCast, including 19,800,000 warrants to Bolzano, 660,000 warrants to 1112099 and 1,815,713 warrants to certain directors and officers. The Term Loan Warrants have a maturity date of May 25, 2023, an exercise price of \$0.48 per common share and have the same terms as described above.

(iv) US \$1,500 June Term Loan Warrants

In connection with the secured US \$1,500 Term Loan described in Note 13(b), on June 26, 2019 the Company issued a total of 10,560,000 common share purchase warrants of UrtheCast to Bolzano (the “June Term Loan Warrants”). The June Term Loan Warrants have a maturity date of June 26, 2024, an exercise price of \$0.48 per common share and have the same terms as described above.

(v) US \$1,500 July Term Loan Warrants

In connection with the secured US \$1,500 July Term Loan described in Note 13(c), on July 26, 2019 the Company issued a total of 10,560,000 common share purchase warrants of UrtheCast to Lunar (the “July Term Loan Warrants”). The July Term Loan Warrants have a maturity date of June 26, 2024, an exercise price of \$0.48 per common share and have the same terms as described above.

(vi) \$6,600 Convertible Debenture Warrants

In connection with the amendment to the unsecured \$6,600 debentures described in Note 15(b), on November 15, 2019 the Company issued a total of 6,034,745 common share purchase warrants of UrtheCast to Vine Rose (the “November Warrants”). The November Warrants have a maturity date of September 11, 2024, an exercise price of \$0.48 per common share and have the same terms as described above.

(vii) Valuation

The Company used a third-party valuation expert that applied FinCAD’s single barrier options model, which incorporates the Black-Scholes option pricing approach, to value the warrants upon initial measurement and subsequently at December 31, 2019.

The key assumptions used in the model at the date of initial recognition for the warrants issued during 2019 are as follows:

	Term Loan Warrants	June Term Loan Warrants	July Term Loan Warrants	November Warrants
Share price	\$0.16	\$0.11	\$0.12	\$0.13
Exercise price	\$0.48	\$0.48	\$0.48	\$0.48
Risk-free interest rate	1.83%	1.40%	1.39%	1.49%
Term to maturity (years)	5.0	5.0	5.0	4.8
Expected volatility	52.51%	53.94%	52.55%	54.36%
Probability of a downward adjustment to conversion price	25%	25%	25%	25%
Fair value of warrant	\$0.023	\$0.005	\$0.012	\$0.014

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The key assumptions used in the model at December 31, 2019 are as follows:

	Private Placement Warrants	Private Placement Warrants (July 2018)	Backstop Fee Warrants	Lender Warrants	Term Loan Warrants	June and July Term Loan Warrants	November Warrants
Share price	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11
Exercise price	\$0.48	\$0.48	\$0.15	\$0.48	\$0.48	\$0.48	\$0.48
Risk-free interest rate	1.69%	1.69%	1.69%	1.69%	1.69%	1.68%	1.68%
Term to maturity (years)	3.50	3.50	3.50	3.50	3.50	4.50	4.60
Expected volatility	63.10%	63.10%	63.10%	63.10%	63.10%	57.34%	55.00%
Probability of a downward adjustment to conversion price	25%	25%	25%	25%	25%	25%	25%
Fair value of warrant	\$0.015	\$0.015	\$0.029	\$0.015	\$0.015	\$0.017	\$0.010

The expected volatility rate was derived from the Company's historical volatility and adjusted for a 40% discount to reflect an estimated implicit volatility discount based on implicit discounts observed in the prices of traded warrants on the TSX.

17. OTHER FINANCIAL LIABILITIES

	December 31, 2019	December 31, 2018
Deferred consideration related to the Geosys Acquisition (a)	\$ 18,647	\$ -
Lease liabilities (b)	9,113	5,934
Derivative financial instruments (Note 16(a))	1,641	2,056
Other financial liabilities	221	-
Total other financial liabilities	29,622	7,990
Other financial liabilities directly associated with assets held for sale (Note 7)	(5,696)	-
	23,926	7,990
Current portion	(8,756)	(2,167)
Non-current portion	\$ 15,170	\$ 5,823

a) Deferred Consideration Related to the Geosys Acquisition

As described in Note 6, the Company recognized deferred consideration of \$16,013 and deferred royalty consideration of \$1,748 on the acquisition date. Subsequently, the company adjusted the aggregate deferred consideration liability at December 31, 2019 and recognized accretion expense of \$1,226 in 2019 as finance costs (Note 21) and a decrease of \$340 due to foreign exchange translation.

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b) Lease Liabilities

The Company has commitments under a Service Level Agreement and Option Agreement for the purchase of assets, pursuant to the original share purchase and sale agreement for the acquisition of Deimos Imaging in 2015. These commitments are being accounted for as a finance lease as they confer the right to use the assets with an option to purchase in July 2020. The share purchase and sale agreement provided for a contingent increase of the purchase price of €3,200 should the Company not exercise the option to purchase the assets in July 2020. The assets are included in assets held for sale (Note 7) with a carrying amount of \$2,804 at December 31, 2019. The Company has future minimum lease payments of \$5,626 (€3,850) related to this finance lease, which are payable in 2020.

As described in Note 4, on adoption of IFRS 16, the Company recognized lease liabilities for leases which had previously been classified as operating leases under IAS 17, other than short-term leases and leases of low value assets. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as of January 1, 2019 of 12%.

18. SHARE CAPITAL

The authorized share capital of UrtheCast Corp. consists of an unlimited number of Common Shares with no par value. The holders of Common Shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On June 26, 2019, the Company modified its authorized share capital by creating a new class of unlimited number of preferred shares with certain rights and restrictions to be determined by the Board at a future date. No preferred shares have been issued.

The following is a summary of changes in the Company's share capital from January 1, 2018 to December 31, 2019:

	Number of Shares	Amount
Balance at January 1, 2018	121,265,933	\$ 216,633
Shares issued upon vesting of Restricted Share Units (Note 19(b))	3,630,134	2,157
Shares issued on conversion of debentures (Note 15(c))	2,418,750	566
Balance at December 31, 2018	127,314,817	\$ 219,356
Shares issued upon vesting of Restricted Share Units (Note 19(b))	2,199,165	1,047
Shares issued on conversion of debentures (Note 15(c))	13,415,625	2,501
Balance at December 31, 2019	142,929,607	\$ 222,904

19. SHARE-BASED PAYMENTS

The Company has an equity incentive plan (the "Equity Incentive Plan") that enables it to grant stock options and restricted share units ("RSUs") to its directors, employees, consultants and advisors up to a maximum of 15% of the issued and outstanding Common Shares on the date of the grant. The Company also has a phantom share unit plan that enables it to grant cash-settled PSUs to its employees.

The total expense arising from share-based payment transactions in 2019 was \$2,658 (2018 - \$2,074). In addition, share-based payments associated with internal engineering staff involved in development activities of \$102 were capitalized in 2018.

a) Stock Options

The exercise price of stock options granted is determined based on the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date. Stock options vest equally over three years and expire after five years. No stock options were granted or exercised during the year ended December 31, 2019 (2018 - 1,550,000 stock options were granted).

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The following table reflects the continuity of stock options for the years ended December 31, 2019 and 2018:

	2019		2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise price
Outstanding, beginning of year	4,321,500	\$ 0.97	5,867,168	\$ 1.43
Granted	-	-	1,550,000	0.22
Forfeited	(889,000)	1.02	(2,450,334)	1.38
Expired	(439,500)	1.23	(645,334)	1.80
Outstanding, end of year	2,993,000	\$ 0.92	4,321,500	\$ 0.97
Vested, end of year	1,790,335	\$ 1.16	1,691,169	\$ 1.47

The following table reflects the stock options issued and outstanding at December 31, 2019 and 2018:

	2019				2018		
Expiry Date	Exercise Price	Weighted Average Contractual Life in Years	Number of Options Outstanding	Vested and Exercisable	Weighted Average Contractual Life in Years	Number of Options Outstanding	Vested and Exercisable
May 14, 2019	\$1.35	-	-	-	0.37	59,500	59,500
August 14, 2019	\$1.20	-	-	-	0.62	461,000	461,000
December 16, 2019	\$1.38	-	-	-	0.96	12,000	12,000
March 29, 2020	\$2.09	0.24	20,000	20,000	1.24	20,000	20,000
June 25, 2020	\$4.57	0.48	50,000	50,000	1.48	68,000	68,000
August 23, 2020	\$2.16	0.65	160,000	160,000	1.65	236,000	236,000
April 5, 2021	\$1.17	-	-	-	2.26	12,000	12,000
June 27, 2021	\$0.97	1.49	370,000	370,000	2.49	530,000	353,339
November 21, 2021	\$0.87	1.89	35,000	35,000	2.89	35,000	23,333
May 21, 2022	\$1.32	2.39	1,108,000	738,668	3.39	1,338,000	445,997
August 13, 2023	\$0.29	-	-	-	4.38	100,000	-
November 7, 2023	\$0.22	3.66	1,250,000	416,667	4.66	1,450,000	-
	\$0.92	2.66	2,993,000	1,790,335	3.24	4,321,500	1,691,169

Fair Value Assumptions

No stock options were granted in 2019. In 2018, 1,550,000 stock options were granted to officers and employees at a weighted average exercise price of \$0.22. These options vest over three years and expire in 2024. The weighted average grant date fair value of options granted during 2018 was estimated at \$0.12 using the Black-Scholes option-pricing model, with the following weighted average assumptions:

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	2019	2018
Risk-free interest rate	-	2.35%
Expected lives (years)	-	3.3
Expected volatility	-	80%
Dividend per share	-	-
Share price fair value	-	\$0.22

The expected volatility rate in 2018 was based on analysis of the Company's historic daily share price.

b) Restricted Share Units

The Company has a restricted share unit ("RSU") plan, which entitles participants to receive one Common Share of the Company for each vested RSU. RSUs generally vest over a two or three-year period, in six-month or annual increments, except for RSUs granted to directors and certain consultants, which vest immediately. RSUs are valued at the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date.

The following table reflects the continuity of RSUs for the years ended December 31, 2019 and 2018:

	2019		2018	
	Number of RSUs	Weighted Average Grant Date Fair Value	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding, beginning of year	9,547,287	\$ 0.44	3,212,673	\$ 1.33
Granted	14,054,426	0.12	10,524,748	0.25
Released	(2,199,165)	0.48	(3,630,134)	0.59
Forfeited	(552,045)	0.41	(560,000)	1.00
Cancelled	(4,124,506)	0.22	-	-
Outstanding, end of year	16,725,997	\$ 0.22	9,547,287	\$ 0.44
Vested, end of year	4,531,383	\$ 0.49	4,095,178	\$ 0.67

During 2019, the Company granted 14,054,426 RSUs (2018 - 10,524,748) to certain directors, officers and employees of the Company. 2,000,000 of these RSUs were granted to directors and vested immediately as they were not subject to performance conditions or forfeiture and are issuable as Common Shares upon the directors ceasing to be directors of the Company.

During 2019, 2,199,165 Common Shares were issued (2018, 3,630,134) upon the vesting of RSUs (Note 18).

c) Phantom Share Units

The Company adopted a PSU plan in June 2019, which entitles participants to receive, for each vested PSU, a cash payment equivalent to the closing market price of the Company's Common Shares on the vesting date. At the discretion of the Company, it may instead settle the payout of PSUs by issuing an RSU, pursuant to the Equity Incentive Plan, for each PSU, subject to any required regulatory approvals and the existing limits and the participants' eligibility under the Equity Incentive Plan.

PSUs are initially valued at the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date. PSUs are subsequently revalued based on the closing market price of the Common Shares at the end of each reporting period.

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During 2019, the Company granted 14,354,318 PSUs to various officers and employees of the Company. 8,350,271 PSUs were granted to employees which have a vesting date of March 31, 2020 and 6,004,047 PSUs were granted to various officers which vest over a two-year period in annual increments. In determining the number of PSUs expected to vest, management applied an expected weighted average forfeiture rate of 8% and estimated that performance conditions required for vesting of 1,976,051 PSUs will not be satisfied. During 2019, 121,839 PSUs were forfeited.

The Company recognized share-based payment expense of \$680 arising from PSUs during the year ended December 31, 2019 and recognized a liability of \$680 at December 31, 2019 which was included in trade and other payables.

20. REVENUE AND GEOGRAPHIC INFORMATION

The Company's chief operating decision makers examine the Company's performance based on one reportable operating segment which includes the provision of the Earth observation imagery, geo-analytics products and services, and engineering and value-added services described in Note 3.

a) Revenue

Revenue disaggregated by primary sources is as follows:

	2019	2018
Geo-analytics imagery products and services	\$ 18,280	\$ -
Engineering and value-added services	-	6,220
	\$ 18,280	\$ 6,220

During 2019, one geo-analytics imagery products and services customer accounted for approximately 73% of revenue as a result of the Winfield SLA with Land O'Lakes described in Note 6. During 2018, one engineering and value-added services customer accounted for approximately 89% of the Company's revenues from continued operations.

Disclosure of the timing of revenue recognition is as follows:

	2019	2018
Services transferred at a point in time	\$ 1,697	\$ -
Services transferred over time	16,583	6,220
	\$ 18,280	\$ 6,220

Revenue disaggregated by the geographic location of customers is as follows:

	2019	2018
Americas	\$ 14,551	\$ -
Europe and Russia	3,216	709
Asia-Pacific	324	-
Middle East, Africa and South Asia	189	5,511
	\$ 18,280	\$ 6,220

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b) Non-current assets

The Company's non-current non-financial assets, comprised of property and equipment, intangible assets and goodwill are geographically located as follows:

	Property and Equipment	Intangible Assets	Goodwill	Total
Canada	\$ 1,324	\$ 37,666	\$ -	\$ 38,990
France	1,916	14,677	11,337	27,930
United States	409	-	-	409
Balance at December 31, 2019	\$ 3,649	\$ 52,343	\$ 11,337	\$ 67,329
Spain	\$ 32,058	\$ 14,831	\$ -	\$ 46,889
Canada	303	33,347	-	33,650
United States	64	-	-	64
Balance at December 31, 2018	\$ 32,425	\$ 48,178	\$ -	\$ 80,603

The non-current financial assets of Deimos Imaging were classified as held for sale at December 31, 2019 as described in Note 7.

21. FINANCE COSTS

The following table summarizes the finance costs for the years ended December 31, 2019 and 2018:

	2019	2018
Accretion and interest on convertible debentures (Note 15(a))	\$ 2,727	\$ 4,345
Interest on bank and other loans (Note 13)	2,582	613
Financing fees associated with bank and other loans (Note 13)	1,534	-
Accretion on deferred consideration related to the Geosys Acquisition (Note 17(a))	1,226	-
Bank guarantees and other interest	576	1,049
Interest on ROU lease liability (Note 4(a))	430	-
Financing fees associated with securing UrtheDaily financing (a)	409	15,696
Fair value of Backstop Fee Warrants and related transaction costs (Note 16(a)(i))	-	3,914
Transaction costs associated with Private Placement	(146)	1,803
Less: Capitalized borrowing costs (Note 11)	(138)	(96)
	<u>\$ 9,200</u>	<u>\$ 27,324</u>

(a) The Company incurred advisor fees of \$409 during 2019 in relation to its ongoing efforts to finance the UrtheDaily Constellation. In 2018, the Company incurred financing and commitment fees of \$15,696 in connection with the Credit Agreement for the UrtheDaily Constellation described in Note 16(a)(i) and these fees were expensed due to the expiration of the forbearance agreement with the senior lenders on December 31, 2018, and subsequent termination of the Credit Agreement.

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22. INCOME TAXES

a) Reconciliation of Effective Tax Rate

The income tax recovery is calculated using the combined federal and provincial statutory income tax rate. The reconciliation of the expected income tax recovery and the recovery reported in the consolidated financial statements is as follows:

	2019	2018
Loss before income taxes	\$ (18,663)	\$ (40,680)
Canadian combined federal and provincial income tax rate	27%	27%
Expected income tax recovery	(5,039)	(10,984)
Permanent differences	1,817	2,944
Change in deferred tax assets not recognized	4,115	9,927
Tax rate changes	14	-
Share issuance costs	-	(277)
Convertible debentures	7	(1,026)
Effects of different tax rates in foreign jurisdictions	98	227
Other differences	(1,478)	(661)
Change in prior year estimates	8	(50)
Income tax (recovery) expense recorded at December 31	\$ (458)	\$ 100

b) Movement in Deferred Income Tax Balances

Balance at December 31, 2019	Opening Balance	Business Combination (Note 6)	Recognized in Net Loss	Recognized in Discontinued Operation (Note 7)	Foreign Exchange Translation	Net Deferred Income Tax Asset (Liability)
Property and equipment	\$ (552)	\$ -	\$ -	\$ 535	\$ 17	\$ -
Intangible assets and goodwill	-	(3,905)	434	-	64	(3,407)
	\$ (552)	\$ (3,905)	\$ 434	\$ 535	\$ 81	\$ (3,407)
Balance at December 31, 2018						
Loss carry forwards	\$ 4,889	\$ -	\$ -	\$ (4,961)	\$ 72	\$ -
Property and equipment	(80)	-	-	(462)	(10)	(552)
Intangible assets and goodwill	(867)	-	-	880	(13)	-
Other	822	-	-	(834)	12	-
	\$ 4,764	\$ -	\$ -	\$ (5,377)	\$ 61	\$ (552)

UrtheCast Corp.
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(in thousands of Canadian dollars, except number of shares and per share amounts)

c) Unrecognized Deferred Income Tax Assets

Deferred income tax assets and liabilities have not been recognized in respect of the following items, because it is not probable that future taxable income will be available against which the Company can use the benefits.

	2019	2018
Loss carry forwards	\$ 36,922	\$ 28,599
Property and equipment	5,497	7,771
Intangible assets	2,145	2,062
Share issuance costs	168	659
Deferred revenue	(12,329)	(12,329)
Long-term debt	(876)	(978)
Convertible debentures & warrant liabilities	(1,098)	(832)
SRED expenditures carry forward	2,235	2,235
Investment tax credits	1,471	1,471
Other	3,944	4,141
	<u>\$ 38,079</u>	<u>\$ 32,799</u>

d) Tax Losses

The Company has non-capital loss carry forwards in the amount of \$124,574, which expire in various amounts from 2030 to 2039. In addition, subsidiaries of the Company have non-capital losses of \$89,500, most of which may be carried forward indefinitely, and of which \$77,049 relate to the Deimos business classified as held for sale.

23. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

a) Key Management Compensation

The Company considers its officers and directors to be key management personnel. Key management compensation for the year ended December 31, 2019 was as follows:

	2019	2018
Salaries and benefits	\$ 1,191	\$ 2,162
Directors' fees	350	403
Share-based payments	1,590	1,989
	<u>\$ 3,131</u>	<u>\$ 4,554</u>

In order to satisfy conditions under the US \$12,000 Term Loan described in Note 13(a), the Company deferred cash compensation to certain officers to July 2019 and directors' fees to all directors for the year ended December 31, 2019. As at December 31, 2019, deferred cash compensation of \$493 was payable to certain officers, directors and former directors of the Company.

b) Related Party Transactions

Under the conditions of the US \$12,000 Term Loan described in Note 13(a), certain officers and directors of the Company agreed to participate in the financing and in consideration, the Company issued 1,815,713 common share purchase warrants to those officers and directors.

In connection with the US \$12,000 Term Loan, Bolzano appointed an independent director of UrtheCast pursuant to a board appointment right granted by the Company to Bolzano.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

The Company issued 22,275,713 common share purchase warrants in connection with the US \$12,000 Term Loan and 10,560,000 common share purchase warrants in connection with the US \$1,500 June Term Loan described in Note 13(b) and incurred interest expense of US \$1,011 to Bolzano during 2019.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measurement

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, restricted term deposits, and trade and other receivables approximate fair value due to their short-term nature. The fair value of the Company's trade and other accounts payables, bank and other loans, and long-term debt at December 31, 2019 may be less than the carrying value as a result of the Company's credit and liquidity risk (See Note 1(b)).

Fair value hierarchy:

Derivative financial instruments are measured at fair value in accordance with IFRS 13, *Fair Value Measurement*, which requires classification of financial instruments within a hierarchy based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company utilizes a variety of derivative financial instruments to reduce its exposure to risks associated with fluctuations in foreign exchange rates and floating interest rates on long-term debt. The following table summarizes the fair values and fair value classification of derivative financial instruments as at December 31, 2019 and 2018:

	Classification	Hierarchy	Fair Value	
			2019	2018
Embedded derivatives (Note 16)	FVTPL	Level 2	\$ 3,292	\$ 4,683
Derivative warrant liabilities (Note 16(a))	FVTPL	Level 2	2,300	2,802
Foreign exchange forward contracts	FVTPL	Level 2	710	886
Interest rate swap	FVTPL	Level 2	52	100

The fair value of derivative financial instruments with respect to its foreign currency contracts and interest rate swap of \$762 (2018 - \$986) and the current portion of the fair value of the embedded derivatives of \$761 (2018 - \$899) and derivative warrant liability of \$118 (2018 - \$171) related to the Interest-bearing Debentures are included in Other Financial Liabilities (Note 17).

The notional principal amounts of the outstanding foreign exchange forward contracts at December 31, 2019 was GBP 3,600 (2018 - GBP 4,132). The notional principal amount of the outstanding interest rate swap at December 31, 2019 was EUR 6,750 (2018 - EUR 9,750).

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

The following table summarizes the gain (loss) on derivative financial instruments for the years ended December 31, 2019 and 2018:

	2019	2018
Embedded derivatives (Note 16)	\$ 654	\$ 9,321
Derivative warrant liabilities (Note 16)	1,265	4,441
Foreign exchange forward contracts	122	(724)
Interest rate swap (Note 7)	43	15
	\$ 2,084	\$ 13,053

b) Risk management

The Company is exposed through its operations to the following financial risks:

- Foreign Currency Risk
- Credit Risk
- Liquidity Risk
- Interest Rate Risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and retaining ultimate responsibility for them. It has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

c) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company utilizes foreign exchange forward contracts to reduce its exposure to risks associated with fluctuations in foreign exchange rates.

Fluctuations in foreign exchange rates could result in unanticipated fluctuations in the operating results for the Company. The Company has transactions that are denominated in Euros, United States dollars and the British pound, but does not have exposure to any highly inflationary foreign currencies.

A portion of the Company's transactions is denominated in United States dollars ("USD"), British Pound Sterling ("GBP"), and Euros ("EUR"). The following table reflects the sensitivity of the Company's net loss for the year to a 10% weakening in the Canadian dollar in relation to the respective foreign currencies based on the net exposure on outstanding foreign currency denominated monetary items as at December 31, 2019, including cash, trade and other receivables, trade and other payables, bank and other loans, and deferred revenues. A 10% strengthening of the Canadian dollar would have an opposite effect on net loss.

UrtheCast Corp.
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(In thousands of Canadian dollars, except number of shares and per share amounts)

Decrease (increase) to net loss for the year from a 10% weakening of the Canadian dollar against the following currencies:

	2019	2018
USD	\$ 963	\$ 452
GBP	\$ (862)	\$ (1,041)
EUR	\$ 450	\$ 357

The Company also has investments in US dollar and Euro denominated foreign operations, whose net assets are exposed to foreign currency translation risk. At December 31, 2019, the cumulative translation adjustment related to foreign operations was \$7,209 (2018 - \$7,198).

d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk for the Company consist primarily of cash, restricted term deposits and trade and other receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure.

The Company is not exposed to significant credit risk. The Company has policies to limit the amount of risk with each individual customer, and exposure to bad debts is managed as part of the Company's normal activities. Independent credit ratings of customers are used if available. Otherwise, each customer's credit rating is assessed considering its financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the finance department.

The Company regularly reviews the collectability of its trade accounts receivable and, when necessary, establishes an allowance for doubtful accounts based on its best estimate of expected credit losses. Based on a detailed review of trade accounts receivable at the end of the year, an allowance for doubtful accounts of \$78 was recorded at December 31, 2019 (2018 - \$127).

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As described in Note 1(b), the Company is currently experiencing severe cash flow constraints and may not have sufficient funds to be able to pay its debt and other obligations in the future. The Company monitors its risk of shortage of funds by monitoring forecasted and actual cash flows and maturity dates of existing financial liabilities and commitments and is actively managing its capital to ensure a sufficient liquidity position to finance its general and administrative, working capital and overall capital expenditures. At December 31, 2019, the Company's financial liabilities were comprised of trade and other payables, finance lease liabilities, derivative financial liabilities, bank and other loans, long-term debt and convertible debentures.

As further described in Note 1(b), the Company had a working capital deficiency from continuing operations of \$47,446 at December 31, 2019 and has had a history of significant operating losses and generating insufficient cash flows from operations to fund its activities. At December 31, 2019, the Company held cash of \$1,835 (2018 - \$1,438). Based on the Company's forecasted cash flows for the next twelve months, the Company's current cash flow from operations will not be sufficient to cover its commitments, obligations and operating costs for at least the next twelve months.

In order to address its working capital deficiency, during the year ended December 31, 2019, the Company raised US \$15,000 from three secured term loan financings, \$6,600 from an unsecured convertible debenture financing, and secured a US \$10,000 receivables purchasing agreement to finance qualifying trade receivables. The Company implemented significant cost reductions and committed to a formal plan to sell all or substantially all of its Spanish Earth observation assets comprising the Deimos-1 and Deimos-2 satellites, operations and ground station assets, as further described in Note 7.

f) Interest rate risk

The Company is exposed to interest rate risk from interest received on cash and short-term investments and its long-term bank loan (Note 14), which has a variable interest rate based on EURIBOR plus 2.6%. In 2016, the Company entered into a 4-year interest-rate swap with the Spanish Bank for 75% of the loan's value, which substantially reduces the Company's exposure to interest rate risk.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

25. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures.

The Company manages and defines capital as total shareholders' equity (excluding accumulated other comprehensive income), bank and other loans, long-term debt, convertible debentures and cash. To fund its activities, the Company has followed an approach that relies almost exclusively on the issuance of Common Shares until late 2015, when the Company, through its Spanish subsidiary, obtained the five-year Spanish Term Loan (Note 14). The bank loan requires that the Company's Spanish subsidiary maintain certain financial ratios and imposes limits on the Spanish subsidiary's ability to incur additional indebtedness but does not otherwise limit the Company's ability to incur indebtedness, make capital expenditures or engage in acquisitions, mergers or restructurings. In 2018, the Company completed the Private Placement of Subscription Receipts (Note 15(a)) and also obtained US \$5,000 by issuing an unsecured demand promissory note (Note 13(d)). In 2019, the Company closed three term loan financings totalling US \$15,000 as described in Note 13 and a \$6,600 convertible debenture financing as described in Note 15(b). The Company has completed transactions and initiatives subsequent to December 31, 2019 to improve its liquidity position as described in Note 29.

The Company's senior management is responsible for managing the Company's capital, which it does through regular meetings and reviews of the financial information. The Board of Directors is responsible for overseeing this process.

26. LOSS PER SHARE

The basic loss per share amount is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. The effect of the conversion of options, RSUs, convertible debentures, warrants and other equity instruments would be anti-dilutive, making the basic and diluted loss per share equal.

	2019	2018
Net loss	\$ (36,068)	\$ (83,252)
Weighted average number of Common Shares	134,902,992	123,779,797
Basic and diluted loss per share	\$ (0.27)	\$ (0.67)

	2019	2018
Net loss from continuing operations	\$ (18,205)	\$ (40,780)
Weighted average number of Common Shares	134,902,992	123,779,797
Basic and diluted loss per share - continuing operations	\$ (0.14)	\$ (0.33)

UrtheCast Corp.
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27. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in Operating Assets and Liabilities

	2019	2018
Trade and other receivables (Note 9)	\$ 2,923	\$ 2,579
Prepaid expenses and deposits	916	775
Trade and other payables	(3,094)	2,231
Deferred revenue	2,299	(2,903)
	<u>\$ 3,044</u>	<u>\$ 2,682</u>

b) Changes in Liabilities Arising from Financing Activities

The following table reflects the cash and non-cash changes in liabilities arising from financing activities for the year ended December 31, 2019:

	Opening Balance	Cash Flows	Foreign Exchange Translation	Other non- cash changes	Balance, end of year
Finance lease liability	\$ -	\$ (737)	\$ (189)	\$ 2,904	\$ 1,978
Bank and other loans	6,807	12,950	(372)	(110)	19,275
Long-term debt	5,021	664	-	917	6,602
Convertible debentures	12,258	6,335	-	77	18,670
	<u>\$ 24,086</u>	<u>\$ 19,212</u>	<u>\$ (561)</u>	<u>\$ 3,788</u>	<u>\$ 46,525</u>

28. COMMITMENTS

The Company has contractual capital commitments requiring future payments of \$5,779 in 2020 related to the development of its OptiSAR and SAR technologies. These amounts will be recorded when the services are rendered.

29. SUBSEQUENT EVENTS

a) \$2,026 Unsecured Convertible Debenture

As announced on February 3, 2020, the Company closed a \$2,026 (US \$1,550) financing on January 31, 2020 with SMF Investments Limited (the "Lender"). The financing consists of an unsecured convertible debenture of the Company in the principal amount of \$2,026 (the "2020 Debenture"). The 2020 Debenture accrues interest at a rate of 17% per annum, had a maturity date of March 31, 2020 and is convertible into Common Shares of the Company at the option of the Lender, at any time prior to the maturity date at a conversion price equal to \$0.32 per Common Share (the "Original Conversion Price"). The Original Conversion Price is subject to adjustment in certain circumstances, including if the Company issues any Common Shares or securities convertible into Common Shares (other than pursuant to its equity incentive plan) at a lower price, in which case the conversion price shall be reduced to such lower price but not less than \$0.24, subject to approval from the TSX. In the event of default under the Convertible Debenture, the Lender will receive a license to certain intellectual property of the Company.

In connection with the financing, the Company paid the Lender a 3% finance fee from the proceeds of the financing and issued to the Lender 4,171,677 Common Share purchase warrants of the Company having an expiry date of January 27, 2025 and an exercise price of \$0.48 per Common Share (the "Original Exercise Price"). The Original Exercise Price is subject to adjustment in certain circumstances, including if the Company issues any Common Shares or securities convertible into Common Shares (other than pursuant to its equity incentive plan) at a lower price, in which case the conversion price shall be reduced to such lower price but not less than \$0.32, subject to approval from the TSX.

UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

(in thousands of Canadian dollars, except number of shares and per share amounts)

b) \$1,400 SADI Reimbursement

In March 2020, the Company received reimbursement for \$1,400 of eligible costs under its funding arrangement with the Government of Canada's Strategic Aerospace and Defense Initiative (SADI) Program. The payment was made pursuant to a one-time waiver granted by SADI while the Company continues to seek an alternative credit facility, as required to comply with certain covenants under the SADI Program.

c) Deferral of Second Instalment Payable to Land O'Lakes

The Company and Land O'Lakes agreed to defer the remaining US 4,250 balance of the Second Instalment for the Geosys acquisition, which was due February 14, 2020, with US \$750 paid on April 1, 2020 through a setoff of amounts owed by Land O'Lakes under the Winfield SLA and US \$3,500 payable by May 14, 2020. The Company expects to negotiate a further deferral of this payment with Land O'Lakes.

d) US \$12,000 Term Loan

Effective January 15, 2020, the lenders of the US \$12,000 Term Loan extended the maturity date to April 14, 2020. In connection with this extension, an aggregate extension fee of US \$200 was payable to the lenders. The Company is continuing discussions with these lenders as it seeks to enter into binding agreements to further defer maturity and principal repayments as the Company seeks to finalize a binding commitment to finance the UrtheDaily Constellation and the lenders have not issued a notice of default to date.

e) Extension of Other Loans and Convertible Debentures

The Company is in continuing discussions with the lenders of the \$1,500 June Term Loan and the \$1,500 July Term Loan, which matured on January 15, 2020, the lenders of the \$6,600 convertible debentures which matured December 31, 2019, the debenture holder of the Interest-bearing Debentures which matured August 31, 2019, as well as the lender of the 2020 Debenture described in (a), to further defer maturity and principal repayments as the Company seeks to finalize a binding commitment to finance the UrtheDaily Constellation. None of these lenders have issued a notice of default to date.

f) Payment Deferral under Spanish Term Loan

In March 2020, the lender of the secured Spanish Term Loan agreed to a further deferral to June 1, 2020 of principal repayments of €1,350 and €4,000, respectively, which were previously due on January 31, 2020, in exchange for a partial principal payment of €150 plus accrued interest. This extension agreement made in March 2020 also formalized the covenant waiver, described in Note 14(a), which was agreed to prior to December 31, 2019. The extension will provide the Company with additional time to complete the proposed sale of the Deimos Imaging business.

g) Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus disease known as COVID-19 to be a pandemic.

As announced on March 30, 2020, as a result of the impact of the COVID-19 pandemic on the timely completion of these consolidated financial statements and audit thereof, the Company relied upon the Canadian Securities Administrators' blanket relief, which, in light of COVID-19 and its impact on market participants, provides a 45-day extension for periodic filings normally required to be made by issuers on or before June 1, 2020. Similar relief has been provided by the Toronto Stock Exchange.

Like all businesses, the Company is navigating the rapidly changing operating and market dynamics caused by the COVID-19 pandemic and government efforts to mitigate its effects. The Company has taken all recommended steps to allow employees to work remotely while continuing to maintain operations and serve the Company's customers without interruption.

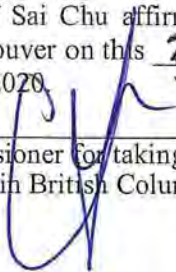
UrtheCast Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

(In thousands of Canadian dollars, except number of shares and per share amounts)

To date, other than with respect to the aforementioned financial reporting delays and remote working arrangements for its employees, the Company has not experienced any significant disruption in its business operations as a result of COVID-19. While the Company continues to execute and reach payment milestones under its various government and other customer contracts and is working closely with its advisors to complete an UrtheDaily constellation financing and sale of the Deimos Imaging business, in the future, these efforts may be adversely affected or delayed by the COVID-19 pandemic and the government responses, which have caused general disruptions to equity and debt markets. However, the general market downturn occurring globally may have near-term impacts on securing new revenue contracts for its Earth Observation imagery data and geo-analytics products and services as well as the collection of receivables from customers. The Company's key subcontractors may also be negatively affected which could impact UrtheCast's ability to fulfill its customer obligations on a timely basis. While the Company expects this to be temporary, the current circumstances are dynamic and the full impacts of COVID-19 on its business operations and financial condition cannot be reasonably estimated at this time.

Under IAS 10 *Events after the reporting period*, COVID-19 is considered to be a non-adjusting subsequent event. These circumstances may have an adverse impact on the Company's financial position, results of operations and cash flows in 2020 and beyond. However, the impact to the Company is not determinable at the date of issuance of these consolidated financial statements and have not been quantified herein.

This is **Exhibit "D"** referred to in the
Affidavit of Sai Chu affirmed before
me at Vancouver on this 3 day of
September 2020.



A Commissioner for taking Affidavits
within British Columbia



URTHECAST CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(unaudited)
For the three months ended March 31, 2020 and 2019

UrtheCast Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)
(in thousands of Canadian dollars)

As at	March 31, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 2,395	\$ 1,835
Restricted term deposits	237	237
Trade and other receivables (Note 5)	16,670	15,525
Prepaid expenses and deposits	778	700
	<u>20,080</u>	<u>18,297</u>
Assets held for sale (Note 4)	36,332	42,057
Non-current assets		
Trade and other receivables (Note 5)	1,354	1,309
Property and equipment (Note 6)	3,613	3,649
Intangible assets (Note 7)	54,381	52,343
Goodwill	12,346	11,337
	<u>128,106</u>	<u>128,992</u>
Total assets	\$ 128,106	\$ 128,992
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	\$ 26,301	\$ 21,546
Income taxes payable	986	914
Bank and other loans (Note 8)	21,057	19,275
Convertible debentures (Note 10)	13,626	11,601
Other financial liabilities (Note 12)	8,231	8,756
Deferred revenue	4,119	3,651
	<u>74,320</u>	<u>65,743</u>
Liabilities directly associated with assets held for sale (Note 4)	38,039	35,448
Non-current liabilities		
Long-term debt (Note 9)	7,656	6,602
Convertible debentures (Note 10)	7,419	7,069
Derivative financial instruments (Note 11)	2,161	4,713
Other financial liabilities (Note 12)	16,620	15,170
Deferred income tax liabilities	3,588	3,407
	<u>149,803</u>	<u>138,152</u>
Total liabilities	149,803	138,152
Shareholders' equity		
Share capital (Note 13)	222,904	222,904
Contributed surplus	11,058	10,657
Accumulated other comprehensive income	5,459	7,209
Accumulated deficit	(261,118)	(249,930)
	<u>(21,697)</u>	<u>(9,160)</u>
Total shareholders' (deficit) equity	(21,697)	(9,160)
Total liabilities and shareholders' equity	\$ 128,106	\$ 128,992

Corporate Information and Going Concern (Note 1)

Commitments (Note 19)

Subsequent Events (Note 20)

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands of Canadian dollars, except for per share amounts)

For the three months ended	March 31, 2020	March 31, 2019 (Restated - Note 3)
Revenue (Note 15(a))	\$ 4,376	\$ 4,425
Other operating income	853	331
	<u>5,229</u>	<u>4,756</u>
Operating costs		
Direct costs, selling, general and administrative expenses	5,568	5,237
Research expenditures	659	294
Depreciation and amortization	1,155	815
Share-based payments (Note 14)	392	229
	<u>7,774</u>	<u>6,575</u>
Operating loss	(2,545)	(1,819)
Other income (expenses)		
Net finance costs	(3,174)	(1,636)
Gain on derivative financial instruments (Note 17(a))	2,557	3,475
Foreign exchange gain (loss)	516	(1,093)
	<u>(2,646)</u>	<u>(1,073)</u>
Loss before income taxes	(2,646)	(1,073)
Income tax recovery (expense)	102	(29)
Net loss from continuing operations	(2,544)	(1,102)
Net loss from discontinued operation (Note 4)	(8,644)	(5,053)
Net loss	(11,188)	(6,155)
Other comprehensive income:		
Items that may subsequently be reclassified to net loss:		
Foreign currency translation (loss) gain	(1,750)	163
Comprehensive loss	<u>\$ (12,938)</u>	<u>\$ (5,992)</u>
Loss per common share, basic and diluted (Note 18)	<u>\$ (0.08)</u>	<u>\$ (0.05)</u>
Loss per common share, basic and diluted - continuing operations (Note 18)	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)
(in thousands of Canadian dollars)

Three months ended March 31, 2020	Share capital (Note 13)	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total
December 31, 2019	\$ 222,904	\$ 10,657	\$ 7,209	\$ (249,930)	\$ (9,160)
Net loss for the period	-	-	-	(11,188)	(11,188)
Share-based payments (Note 14)	-	401	-	-	401
Foreign currency translation	-	-	(1,750)	-	(1,750)
March 31, 2020	<u>\$ 222,904</u>	<u>\$ 11,058</u>	<u>\$ 5,459</u>	<u>\$ (261,118)</u>	<u>\$ (21,697)</u>

Three months ended March 31, 2019	Share capital (Note 13)	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total
December 31, 2018	\$ 219,356	\$ 9,798	\$ 7,198	\$ (213,862)	\$ 22,490
Net loss for the period	-	-	-	(6,155)	(6,155)
Share-based payments (Note 14)	-	218	-	-	218
Shares issued for vested restricted share units	744	(744)	-	-	-
Shares issued on conversion of debentures	824	-	-	-	824
Foreign currency translation	-	-	163	-	163
March 31, 2019	<u>\$ 220,924</u>	<u>\$ 9,272</u>	<u>\$ 7,361</u>	<u>\$ (220,017)</u>	<u>\$ 17,540</u>

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands of Canadian dollars)

For the three months ended	March 31, 2020	March 31, 2019
		(Restated - Note 3)
Cash flows from (used in) operating activities		
Net loss from continuing operations for the period	\$ (2,544)	\$ (1,102)
Items not affecting operating cash flows		
Depreciation of property and equipment	234	283
Amortization of intangible assets	922	532
Share-based payments (Note 14)	392	229
Net finance costs	3,174	1,636
Unrealized gain on derivative financial instruments	(2,715)	(3,510)
Loss on disposal of property and equipment	2	-
Unrealized foreign exchange loss	375	661
Income tax (recovery) expense	(102)	29
Interest paid	(171)	(133)
Interest received	2	5
Changes in operating assets and liabilities	237	3,416
Net cash from (used in) continuing operating activities	(194)	2,046
Cash flows from (used in) investing activities		
Acquisition of Geosys, net of cash acquired (Note 3)	(1,008)	(5,202)
Acquisition of property and equipment	-	(17)
Expenditures on intangible assets	(1,431)	(2,434)
Proceeds from government grants	1,044	680
Net cash used in continuing investing activities	(1,395)	(6,973)
Cash flows from (used in) financing activities		
Proceeds from issuance of convertible debentures, net (Note 10)	1,965	-
Proceeds from bank and other loans (Note 8)	-	15,803
Repayment of bank and other loans (Note 8)	-	(6,807)
Proceeds from long-term debt (Note 9)	820	664
Reduction in other financial liabilities (Note 12)	(260)	(209)
Interest paid on bank and other loans and convertible debentures	-	(445)
Financing costs	(434)	(1,098)
Net cash from continuing financing activities	2,091	7,908
Net increase in cash during the period, continuing operations	502	2,981
Net decrease in cash during the period, discontinued operation (Note 4)	(586)	(1,288)
Cash at beginning of year	2,756	1,438
Effect of foreign exchange rate changes on cash	(131)	(4)
Cash at end of period	\$ 2,541	\$ 3,127
Cash attributable to continuing operations	\$ 2,395	\$ 2,958
Cash attributable to discontinued operation (Note 4)	\$ 146	\$ 169

The accompanying notes form an integral part of these consolidated financial statements

UrtheCast Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2020 and 2019
(unaudited)
(in thousands of Canadian dollars, except number of shares and per share amounts)

1. CORPORATE INFORMATION AND GOING CONCERN

a) Corporate Information

UrtheCast Corp. ("UrtheCast" or the "Company") is a Vancouver-based technology company that serves the rapidly growing and evolving geospatial and geo-analytics markets with a wide range of information-rich products and services. UrtheCast has designed and proposes to build and launch a satellite constellation designed to capture high-quality, medium-resolution optical imagery of the Earth's entire land mass (excluding Antarctica) everyday, called UrtheDaily™, and has developed advanced synthetic aperture radar technology for satellites, called SAR XL.

In January 2019, UrtheCast acquired Geosys, a digital agriculture company that provides a suite of geo-analytics products and services to agribusinesses around the world. The acquisition of Geosys (the "Geosys Acquisition"), as further described in Note 3, positions UrtheCast as a fully vertically-integrated geo-analytics solution provider for precision agriculture, able to integrate satellite imagery services with analytics.

The Company currently owns and operates two Earth Observation ("EO") satellites, Deimos-1 and Deimos-2. Imagery data from these sensors is continuously downlinked to ground stations around the world and distributed directly to partners and customers in multiple markets. UrtheCast also processes and distributes imagery data and value-added products on behalf of its Global Imaging Partners, a network of ten EO satellite operators with a combined 25 medium- and high-resolution EO sensors, led by Deimos Imaging, S.L.U., a wholly-owned subsidiary of UrtheCast. During the first quarter of 2019, the Company committed to a formal plan and commenced a bid process to sell all or substantially all of the assets of Deimos Imaging as further described in Note 4.

Common shares of UrtheCast (the "Common Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol "UR".

The Company's office and principal place of business is located at #33 - 1055 Canada Place, Vancouver, BC, V6C 0C3.

b) Going Concern

These consolidated financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, management must estimate future cash flows for a period of at least, but not limited to, twelve months following the end of the reporting period by considering relevant information about the future.

The Company has a history of significant recurring operating losses and shareholders' deficit, working capital deficiencies and insufficient cash flows from operations to fund its activities and continues to face significant liquidity challenges. As at March 31, 2020, the Company had a working capital deficiency from continuing operations of \$54,240. Based on the Company's forecasted cash flows for the next twelve months, the Company's current cash flow from operations will not be sufficient to cover its commitments, obligations and operating costs for at least the next twelve months, which could have a negative impact on its ability to continue as a going concern. The Company monitors its risk of shortage of funds by monitoring forecasted and actual cash flows, maturity dates of existing financial liabilities and commitments as well as compliance with long-term debt and funding agreements and is actively managing its capital to ensure a sufficient liquidity position to finance its general and administrative, working capital and overall capital expenditures.

The Company will need to secure additional sources of financing or undertake asset sales in order to obtain funds to pay for its ongoing costs of operations, service its working capital deficiency, meet its commitments to lenders, fund the development, build and launch of the UrtheDaily Constellation, and pay the remaining consideration to the vendor for the acquisition of Geosys.

During the three months ended March 31, 2020, the Company closed a \$2,026 financing and is continuing discussions with its lenders as it seeks to enter into binding agreements to further defer maturity and principal repayments of its matured debt facilities as described in Note 20(b). The Company also completed its cost reduction plan in 2019 and committed to a formal plan to sell all or substantially all of its Spanish Earth observation assets comprising the Deimos-1 and Deimos-2 satellites, operations and ground station assets, as further described in Note 4.

UrtheCast Corp.

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The Company is actively working towards securing binding financing arrangements for the UrtheDaily Constellation which is also expected to provide additional liquidity for its general working capital needs and recovery of certain financing and advisory costs incurred associated with the Company's efforts in securing an UrtheDaily financing arrangement. The delays in securing a binding financing arrangement for the UrtheDaily Constellation, the associated financing and advisory fees incurred, and the delays in finalizing a sale of the Spanish Earth observation assets have contributed to the Company's working capital deficiency. The Company is also seeking an amendment to the terms of the SADI funding agreement or waiver of certain requirements in order to regain compliance with the agreement as further described in Note 7(b). While the Company expects to resolve the matter and on favourable terms, there can be no assurance that these efforts will be successful. In March 2020, the Company received a one-time waiver for the reimbursement of \$1,394 as described in Note 7(b).

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flows from operations, asset sales, debt or equity financings or re-financings, or through other arrangements, accretive acquisitions, new engineering or licensing contracts to monetize its intellectual property, its ability to secure financing for the UrtheDaily Constellation as described above and its ability to extend maturity dates of its matured debt facilities. While the Company has been successful in arranging financing in the past, there can be no assurance that future financings will be completed on reasonable terms, within a suitable timeframe or at all. Furthermore, the Company's efforts and its ability to secure any of the aforementioned funding sources may be adversely affected or delayed by the ongoing COVID-19 pandemic, as further described in Note 20(c), and the uncertain market conditions that this has caused.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern and otherwise execute on its business strategies. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2019. These condensed interim consolidated financial statements were prepared in compliance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), and therefore do not contain all of the disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, which are available at www.sedar.com.

These consolidated financial statements were authorized for issue by the Board of the Directors on June 29, 2020.

b) Critical Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019 and below for additional judgments applied in these condensed interim consolidated financial statements.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2020 and 2019
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Estimated Impairment of Non-current Assets Held for Sale

The Company assesses non-current assets classified as held for sale for impairment at the end of each reporting period.

During the three months ended March 31, 2020, management considered the non-current assets of Deimos Imaging, which were classified as held for sale during the three months ended March 31, 2019, for impairment. The Company performed an impairment test by comparing the carrying value of the disposal group against its estimated fair value less costs to sell which resulted in an impairment loss of \$7,413 during the three months ended March 31, 2020. The impairment loss is included in the results of the discontinued operation (Note 4) and was primarily due to the deterioration in market conditions, in part as a result of the economic impacts of the COVID-19 pandemic, adversely affecting the disposal group's projected future cashflows from its Deimos-1 and Deimos-2 satellites and third-party sales, delays and uncertainties in securing new contracts, and lower than budgeted sales for the period. The Company ceased depreciation and amortization of the non-current assets of Deimos Imaging after the first quarter of 2019 when these assets were classified as held for sale.

The key assumptions underlying the recoverable amount involve a significant degree of estimation, including management's expectations of revenue growth rates, cash flow projections, the inputs used to calculate the discount rate, and terminal value multiplier, as further discussed in Note 4(a).

Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus disease known as COVID-19 to be a pandemic. The COVID-19 pandemic has caused a general market and economic downturn globally that may have near-term impacts on new Earth observation data and geo-analytics products and services sales, collection of receivables from customers, and timely completion of milestones under its engineering and value-added services contracts. This has contributed to a deterioration of market conditions and a reduced outlook for Earth Observation data sales for its Deimos Imaging business as at March 31, 2020 which has resulted in recognizing an impairment loss during the three months ended March 31, 2020, as discussed above. Management concluded that the COVID-19 pandemic has not had a significant effect on the recoverability of its other non-current assets or trade and other receivables.

3. ACQUISITION OF GEOSYS

On January 14, 2019, the Company completed the first closing of the acquisition of Geosys (the "Geosys Acquisition") with Land O'Lakes Inc. ("Land O'Lakes"). The aggregate cash purchase price of the Geosys Acquisition of US \$20,000 is payable in three installments for 100% of the ownership of Geosys. The Company paid US \$5,000 to Land O'Lakes on the first closing of the transaction, US \$5,000 was payable within nine months of the first closing (the "Second Instalment") and US \$10,000 is payable on second closing upon transfer of certain of its intellectual property (the "Geosys IP") from Land O'Lakes prior to April 13, 2021. The transfer is subject to the Company completing separation of the Geosys IP from Land O'Lakes' intellectual property.

In November 2019, the Company received a deferral from Land O'Lakes with respect to the payment of the Second Instalment which was due in October 2019 whereby Land O'Lakes agreed to defer US \$750 to January 1, 2020, through a setoff of amounts owed by Land O'Lakes under the Winfield SLA, and US \$4,250 to February 14, 2020. The Company and Land O'Lakes agreed to a payment of US \$750 on April 1, 2020 through a set off of amounts owed by Land O'Lakes under the Winfield SLA and to defer the remaining US \$3,500 to May 14, 2020. A further deferral was subsequently received, as described in Note 20(a). The deferred consideration of US \$15,000 was measured at fair value on the acquisition date by discounting the future consideration at a discount rate of 13.5% and is included in other financial liabilities as further described in Note 12(a).

Under the Purchase Agreement, the Company is required to pay a 10% royalty on certain royalty-bearing revenues, except those arising from the Winfield SLA described below, if they exceed an annual revenue threshold for the term of the Winfield SLA. The present value of the estimated future royalty payments of \$1,748 was recognized as deferred royalty consideration at the acquisition date as part of the total purchase consideration of Geosys and has been subsequently remeasured as further described in Note 12(a).

On first closing, the Company also entered into a new 13-year agreement to provide Land O'Lakes with certain services currently provided by Geosys to Land O'Lakes with total annual fees payable to the Company in excess of US \$10,000 per year, and an increased rate at such time that the UrtheDaily Constellation is operational (the "Winfield SLA"). Land O'Lakes has also agreed

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to provide to the Company certain services and a license for the Geosys IP from the first closing until the second closing under an interim services agreement.

The Company accounted for the acquisition as a business combination using the acquisition method. The allocation of the purchase price to the fair value of the identifiable assets and liabilities of Geosys at January 14, 2019 is presented in the table below and was based on an independent valuation of the intangible assets acquired and management's best estimate of fair value of other assets acquired and liabilities assumed. As a result of completing the final purchase price allocation during the three months ended December 31, 2019, the Company recognized retrospective adjustments to the fair values of intangible assets, goodwill and deferred income tax liabilities at the acquisition date which resulted in subsequent adjustments to the amortization and depreciation expense and income tax recovery or expense. The consolidated statements of loss and comprehensive loss and the consolidated statements of cashflows for the three months ended March 31, 2019 were thereby restated to revise depreciation and amortization expense from \$1,417 to \$815 and revise income tax recovery \$282 to income tax expense of \$29.

	Fair Values at Acquisition Date	
	USD	CAD
Cash	\$ 1,080	\$ 1,433
Trade and other receivables	2,333	3,097
Prepaid expenses and deposits	550	730
Property and equipment	1,762	2,338
Intangible assets - technologies and software	3,150	4,180
Intangible assets - customer relationships	8,100	10,748
Intangible assets - trade names	650	862
Total assets	17,625	23,388
Trade and other payables	(2,671)	(3,544)
Income taxes payable	(215)	(285)
Deferred revenue	(676)	(897)
Other financial liabilities	(1,435)	(1,904)
Deferred income tax liabilities	(2,943)	(3,905)
Total identifiable net assets at acquisition date	9,685	12,853
Goodwill	8,700	11,543
Total net assets at acquisition date	\$ 18,385	\$ 24,396
Purchase consideration		
Cash paid	\$ 5,000	\$ 6,635
Deferred consideration	12,068	16,013
Deferred royalty consideration	1,317	1,748
Total purchase consideration	\$ 18,385	\$ 24,396

Goodwill is primarily attributable to the skilled workforce and anticipated revenue synergies.

UrtheCast Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

In the first quarter of 2019, the Company committed to a formal plan and commenced a bid process to sell all or substantially all of the assets of Deimos Imaging comprising the Deimos-1 and Deimos-2 satellites, operations and ground station assets. Accordingly, the associated assets and liabilities have been classified as held for sale and are presented at the lower of their carrying amount and their fair value less costs to sell at March 31, 2020. The Company ceased depreciation of Deimos Imaging's significant property and equipment and intangible assets effective April 1, 2019.

There can be no assurance that a binding transaction will be entered into.

The following assets and liabilities were classified as held for sale at March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
Assets		
Cash	\$ 146	\$ 921
Restricted term deposits	8,025	7,526
Trade and other receivables	2,913	2,830
Prepaid expenses and deposits	272	236
Property and equipment	16,999	20,790
Intangible assets	7,977	9,754
Total assets of disposal group held for sale	36,332	42,057
Liabilities		
Trade and other payables	(8,317)	(7,260)
Long-term debt (Note 9)	(23,528)	(22,356)
Other financial liabilities	(6,086)	(5,696)
Deferred revenue	(108)	(136)
Liabilities directly associated with disposal group held for sale	(38,039)	(35,448)
Net assets directly associated with disposal group	\$ (1,707)	\$ 6,609

UrtheCast Corp.

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The results of the discontinued operation for the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended March 31,	
	2020	2019
Revenue	\$ 884	\$ 1,168
Other operating income	32	27
	<u>916</u>	<u>1,195</u>
Operating costs		
Direct costs, selling, general and administrative expenses	1,557	2,488
Depreciation and amortization	95	3,991
Share-based payments	1	(11)
Impairment of assets (a)	7,413	-
	<u>9,066</u>	<u>6,468</u>
Operating loss	(8,150)	(5,273)
Other income (expenses)		
Net finance costs	(553)	(313)
Foreign exchange gain (loss)	59	(2)
	<u>(8,644)</u>	<u>(5,588)</u>
Loss before income taxes	(8,644)	(5,588)
Income tax recovery	-	535
Net loss from discontinued operation	<u>(8,644)</u>	<u>(5,053)</u>
Loss per common share, basic and diluted - discontinued operation	\$ (0.06)	\$ (0.04)

The cash flow information for the discontinued operation for the three months ended March 31, 2020 and 2019 is as follows:

	Three Months Ended March 31,	
	2020	2019
Net cash from (used in) operating activities	\$ (107)	\$ (199)
Net cash used in investing activities	-	(71)
Net cash used in financing activities	(479)	(1,018)
Net decrease in cash from discontinued operation	<u>\$ (586)</u>	<u>\$ (1,288)</u>

UrtheCast Corp.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(unaudited)
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a) Impairment of Non-current Assets Held for Sale

As described in Note 2(b), during the three months ended March 31, 2020, management performed an impairment test related to the non-current assets of Deimos Imaging, including the above noted technologies and software in use and satellites and related equipment, which indicated an impairment loss as the estimated recoverable amount was lower than the carrying amount of the assets. As a result of classifying those assets as held for sale during the first quarter of 2019, the Company ceased depreciating and amortizing the non-current assets of Deimos Imaging after the first quarter of 2019 which resulted in a higher carrying value than if the assets were not classified as held for sale. The Company recognized an impairment loss of \$7,413, which is included in the results of discontinued operation, in order to write down the disposal group to its estimated fair value less costs to sell at March 31, 2020. An impairment loss of \$5,016 was allocated to cameras, satellites and related equipment, \$2,292 to software and technologies in use, \$56 to customer relationships and \$49 to trade names during the three months ended March 31, 2020. During the year ended December 31, 2019, an impairment loss of \$9,763 was recognized of which \$6,606 was allocated to cameras, satellites and related equipment (Note 6), \$3,018 to software and technologies in use, \$74 to customer relationships and \$65 to trade names (Note 7).

The recoverable amount of the disposal group was based on its fair value less costs of disposal, which is the price that would be received in an orderly transaction between market participants in current market conditions at the measurement date. The fair value less costs of disposal was determined based on an income approach by discounting the future after-tax cashflows and terminal value of the disposal group. The recoverable amount includes the expected cashflows related to the Deimos-1 and Deimos-2 satellites until the end of their estimated useful lives as well as revenues from third-party data sales. The cashflows were projected over a 10-year period based on management's best estimates of future revenue streams and actual operating results, and were discounted using an after-tax discount rate of 9.5%.

Significant assumptions used in preparing the discounted cash flow model included management's estimation of future revenue forecasts and growth rates, future operating costs, inputs used to calculate the discount rate, tax rates, and terminal value multiple. The recoverable amount is most sensitive to changes in revenue growth forecasts and the discount rate. If the revenue growth rate used in the calculation had been 1% lower than management's estimate at March 31, 2020, the Company would have had to recognize a further impairment loss against the disposal unit of approximately \$4,088. If the post-tax discount rate applied to the cash flow projections had been 1% higher, the Company would have had to recognize a further impairment loss against the disposal unit of approximately \$1,416 at March 31, 2020.

The recoverable amount of the disposal group was estimated to be less than its carrying amount primarily due to the deterioration in market conditions, in part as a result of the COVID-19 pandemic, impacting the disposal group's projected future cashflows from its Deimos-1 and Deimos-2 satellites and third-party sales, delays and uncertainties in securing new contracts, and lower than budgeted sales in the first quarter of 2020.

UrtheCast Corp.
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5. TRADE AND OTHER RECEIVABLES

	March 31, 2020	December 31, 2019
Unbilled revenue	\$ 13,932	\$ 12,778
Sales tax and other receivables	2,863	2,587
Trade accounts receivable (a)	2,710	2,658
Government funding receivable (Note 7(b))	1,432	1,641
Total trade and other receivables	20,937	19,664
Assets held for sale (Note 4)	(2,913)	(2,830)
	18,024	16,834
Current portion	(16,670)	(15,525)
Non-current portion	\$ 1,354	\$ 1,309

a) US \$10,000 Receivables Purchasing Agreement

During the first quarter of 2020, the Company financed trade receivables under the Winfield SLA with a fair value of US \$1,775 and received advance proceeds of approximately US \$1,671 which represented 95% of the face value of the trade receivables, net of interest of US \$15. The remaining 5% of the financed receivables were collected subsequent to March 31, 2020.

6. PROPERTY AND EQUIPMENT

	Cameras, Satellites and Related Equipment	Computer Equipment	Furniture and Fixtures	Right of Use Assets	Total
Year ended December 31, 2019					
Opening net book value	\$ 31,684	\$ 266	\$ 475	\$ -	\$ 32,425
Additions	-	-	35	2,568	2,603
Disposals	-	-	(29)	-	(29)
Acquired in business combination (Note 3)	-	-	599	1,739	2,338
Depreciation	(2,825)	(159)	(348)	(970)	(4,302)
Impairment (Note 4(a))	(6,606)	-	-	-	(6,606)
Reclassified to assets held for sale (Note 4)	(20,412)	(79)	(132)	(167)	(20,790)
Foreign exchange rate changes	(1,841)	(11)	(13)	(125)	(1,990)
Closing net book value	\$ -	\$ 17	\$ 587	\$ 3,045	\$ 3,649
At December 31, 2019					
Cost	\$ 64,364	\$ 1,421	\$ 2,586	\$ 3,717	\$ 72,088
Accumulated depreciation	(64,364)	(1,404)	(1,999)	(672)	(68,439)
Net book value	\$ -	\$ 17	\$ 587	\$ 3,045	\$ 3,649

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	Cameras, Satellites and Related Equipment	Computer Equipment	Furniture and Fixtures	Right of Use Assets	Total
Three Months Ended March 31, 2020					
Opening net book value	\$ -	\$ 17	\$ 587	\$ 3,045	\$ 3,649
Disposals	-	-	(2)	-	(2)
Depreciation	-	(5)	(55)	(173)	(233)
Foreign exchange rate changes	-	-	45	154	199
Closing net book value	\$ -	\$ 12	\$ 575	\$ 3,026	\$ 3,613
At March 31, 2020					
Cost	\$ 64,364	\$ 1,423	\$ 2,691	\$ 3,912	\$ 72,390
Accumulated depreciation	(64,364)	(1,411)	(2,116)	(886)	(68,777)
Net book value	\$ -	\$ 12	\$ 575	\$ 3,026	\$ 3,613

7. INTANGIBLE ASSETS

	Technologies and Software in Development	Technologies and Software in Use	Customer Relationships	Trade Names and Patents	Total
Balance at January 1, 2019	\$ 32,680	\$ 14,203	\$ 345	\$ 950	\$ 48,178
Additions	6,233	1,574	-	208	8,015
Acquired in business combination (Note 3)	-	4,180	10,748	862	15,790
Government funding (a)	(2,122)	-	-	-	(2,122)
Amortization for the period	-	(2,675)	(816)	-	(3,491)
Impairment (Note 4(a))	-	(3,018)	(74)	(65)	(3,157)
Reclassified to assets held for sale (Note 4)	-	(9,326)	(227)	(201)	(9,754)
Foreign exchange rate changes	-	(886)	(198)	(32)	(1,116)
Balance at December 31, 2019	\$ 36,791	\$ 4,052	\$ 9,778	\$ 1,722	\$ 52,343
Additions	1,684	311	-	34	2,029
Transfers (a)	(11,141)	11,141	-	-	-
Government funding (b)	(460)	-	-	-	(460)
Amortization for the period	-	(713)	(209)	-	(922)
Foreign exchange rate changes	-	457	859	75	1,391
Balance at March 31, 2020	\$ 26,874	\$ 15,248	\$ 10,428	\$ 1,831	\$ 54,381

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Intangible assets are comprised of technologies and software in development associated with the Company's SAR technologies and its UrthePipeline ground segment systems. Technologies and software in use include the technologies and software acquired as part of the Geosys Acquisition in addition to the UrthePipeline ground segment systems which were determined to be ready for use, as further described in (a) below. Intangible assets also include customer relationships and trade names and patents acquired as part of the Geosys Acquisition.

The ground segment infrastructure and software costs related to the Deimos-1 and Deimos-2 satellites and the customer relationships and trade names relating to Deimos Imaging were reclassified to assets held for sale during 2019.

a) Change in Use of UrthePipeline Development Costs

Effective January 1, 2020, management determined that the UrthePipeline ground segment systems reached initial operational capability and were ready for use. Capitalized costs of \$11,141 were transferred from technologies and software in development to technologies and software in use and the Company commenced amortizing these intangible assets during the three months ended March 31, 2020 on a straight-line basis over the estimated useful life of 10 years. Development costs incurred during the three months ended March 31, 2020 related to the on-going development of UrthePipeline components which are not ready for use have been classified as technologies and software in development.

b) Government funding

The Company filed claims related to its repayable funding agreement from Innovation, Science and Economic Development Canada's Strategic Aerospace & Defence Initiative ("SADI") totalling \$259 for the reimbursement of eligible costs incurred in the three months ended March 31, 2020 (three months ended March 31, 2019 - \$653). The Company recognized the grant portion of the eligible costs of \$95 as a reduction of Technologies and Software in Development and included in Trade and Other Receivables as at March 31, 2020 (Note 5). The Company received proceeds of \$1,394 during the three months ended March 31, 2020 pursuant to a one-time waiver granted by SADI for the reimbursement of eligible costs related to previously filed claims to December 31, 2019, of which \$820 was recognized as a long-term repayable government loan (Note 9). At March 31, 2020, \$6,060 of available funding remained available under the SADI facility.

In July 2019, the Company signed a project funding agreement with Canada's Digital Technology Supercluster ("Supercluster") to receive up to approximately \$1,400 in non-repayable funding to reimburse costs incurred to advance development of its UrthePipeline ground segment systems. The Company filed claims under the Supercluster agreement totalling \$183 for the reimbursement of eligible costs incurred in the three months ended March 31, 2020 which were credited against Technologies and Software in Development.

In January 2020, the Company was awarded two short-term fixed-price contracts totaling \$322 from the Department of National Defence to complete engineering and costing analysis studies which were substantially completed during the first quarter of 2020 and recognized as other operating income during the three months ended March 31, 2020.

The Company recognized claims under other Canadian government funding programs of \$720 for eligible costs incurred during the three months ended March 31, 2020 (three months ended March 31, 2019 - \$207), of which \$190 was credited against technologies and software in development and \$531 was recognized as other operating income during the three months ended March 31, 2020.

8. BANK AND OTHER LOANS

	March 31, 2020	December 31, 2019
Secured US \$12,000 Term Loan (a)	\$ 16,799	\$ 15,395
Secured US \$1,500 June Term Loan (b)	2,129	1,943
Secured US \$1,500 July Term Loan (c)	2,129	1,937
	\$ 21,057	\$ 19,275

a) US \$12,000 Term Loan

On January 14, 2019, the wholly-owned subsidiary of the Company that acquired Geosys (the "Borrower") entered into a US \$12,000 term loan (the "US \$12,000 Term Loan") with a group of lenders led by Bolzano Investments Limited ("Bolzano") and

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1112099 B.C. Ltd. ("1112099"). The US \$12,000 Term Loan originally accrued interest at a rate of 14% per annum, had an original maturity date of January 15, 2020 and is secured by all of the Geosys assets owned by the Borrower.

The Company issued a total of 22,275,713 common share purchase warrants effective January 30, 2019 (the "Term Loan Warrants"), including the warrants issued to Bolzano, 660,000 warrants to 1112099 and 1,815,713 warrants to certain directors and officers having a maturity date of May 25, 2023 and an exercise price of \$0.48 per common share (Note 11(a)).

In connection with the US \$1,500 June Term Loan described in (b), the terms of the US \$12,000 Term Loan were amended to increase the interest rate from 14% to 17% per annum effective June 26, 2019 and include any net proceeds from the proposed sale of the Company's Deimos assets, after repayment of the Spanish Term Loan, if and when such a sale is completed, as security. Effective January 15, 2020, the lenders extended the maturity date to April 14, 2020 in consideration for an aggregate extension fee of US \$200. The Company is continuing discussions with Bolzano for a further extension subsequent to April 14, 2020 as further described in Note 20(b).

b) Secured US \$1,500 June Term Loan

On June 27, 2019, the Borrower entered into a US \$1,500 term loan (the "June Term Loan") with Bolzano. The June Term Loan accrues interest at a rate of 17% per annum, had an original maturity date of January 15, 2020 and is secured by all of the Geosys assets owned by the Borrower and any net proceeds from the proposed sale of the Company's Deimos assets, if and when such a sale is completed. The Borrower paid Bolzano a finance fee of US \$45 and the Company issued to Bolzano 10,560,000 common share purchase warrants of UrtheCast (the "June Term Loan Warrants") having a maturity date of June 26, 2024 and an exercise price of \$0.48 per common share, subject to adjustment in certain circumstances (Note 11(a)). The Company is continuing discussions with Bolzano for an extension subsequent to March 31, 2020 as further described in Note 20(b).

c) Secured US \$1,500 July Term Loan

On July 26, 2019, the Borrower entered into a US \$1,500 term loan (the "July Term Loan") with Lunar Ventures Inc. ("Lunar") on the same terms as the June Term Loan. The July Term Loan accrues interest at a rate of 17% per annum, had an original maturity date of January 15, 2020 and is secured by all of the Geosys assets owned by the Borrower and any net proceeds from the proposed sale of the Company's Deimos Imaging business or assets, if and when such a sale is completed. The Borrower paid Lunar a finance fee of US \$45 and the Company issued to Lunar 10,560,000 common share purchase warrants of UrtheCast (the "July Term Loan Warrants") having a maturity date of June 26, 2024 and an exercise price of \$0.48 per common share, subject to adjustment in certain circumstances (Note 11(a)). The Company is continuing discussions with Lunar for an extension subsequent to March 31, 2020 as further described in Note 20(b).

9. LONG-TERM DEBT

	March 31, 2020	December 31, 2019
Spanish Term Loan (a)	\$ 22,361	\$ 21,191
Financing fees	(81)	(103)
Government loans (b)	8,904	7,870
Total long-term debt	31,184	28,958
Long-term debt directly associated with assets held for sale (Note 4)	(23,528)	(22,356)
	7,656	6,602
Current portion	-	-
Non-current portion	\$ 7,656	\$ 6,602

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a) Spanish Term Loan

On December 11, 2015, UrtheCast Imaging obtained a loan of €25,000 from a Spanish bank (the "Spanish Term Loan"). The loan has a principal balance outstanding of €14,350 at March 31, 2020 (December 31, 2019 - €14,500), of which €1,350 became due in December 2018, €4,000 became due in December 2019, and €9,000 will become due on the maturity date of December 11, 2020.

In March 2020, the Spanish lender agreed to a further deferral to June 1, 2020 of the aforementioned principal repayments of €1,350 and €4,000 in exchange for a partial principal payment of €150 plus accrued interest. This extension agreement made in March 2020 also formalized the covenant waiver as at December 31, 2019, which was agreed to prior to December 31, 2019. As described in Note 20(b), the Company is in constructive discussions with the Spanish lender to formalize a further extension in order to provide the Company with additional time to complete the proposed sale of the Deimos Imaging business.

b) Government Loans

Government loans consist of interest-free or low-interest loans provided by Spanish government agencies and the SADI loan described in Note 7(b), which are recorded at amortized cost. The loans are repayable in semi-annual or annual instalments ending in 2037.

In connection with some of its financing requirements, the Company was required to reduce and subsequently terminate a revolving demand credit facility with RBC and therefore is no longer in compliance with the terms of the SADI funding agreement. While the Company has not received default notice from SADI, management is currently seeking an amendment to the terms of the SADI funding agreement and/or a waiver of this requirement from the Government of Canada, or an alternative credit facility to satisfy the requirements. While the Company expects to resolve this matter and on favourable terms, there can be no assurance that these efforts will be successful and that outstanding and future claims will be collected. In March 2020, the Company was granted a one-time waiver by SADI for the reimbursement of \$1,394 of eligible costs as described in Note 7(b).

10. CONVERTIBLE DEBENTURES

The following table summarizes the changes in the convertible debentures from January 1, 2019 to March 31, 2020:

	Principal Amount	Carrying Value
Balance at January 1, 2019	\$ 25,902	\$ 12,258
Principal amount of convertible debentures on issuance (b)	6,600	6,600
Transaction costs allocated to host liability	-	(265)
Debentures converted into Common Shares	(4,293)	(1,764)
Accretion expense	-	1,841
Balance at December 31, 2019	28,209	18,670
Principal amount of convertible debentures on issuance (c)	2,026	2,026
Transaction costs allocated to host liability	-	(126)
Accretion expense	-	475
Balance at March 31, 2020	30,235	21,045
Current portion	(13,626)	(13,626)
Non-current portion	\$ 16,609	\$ 7,419

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a) Issuance of Convertible Debentures

The Company closed a private placement of 76,217,260 subscription receipts on May 3, 2018 which were sold at a purchase price of \$0.35 for total gross proceeds of \$26,676 which were placed in escrow on closing (the "Private Placement"). The subscription receipts converted into non-interest bearing, unsecured senior convertible debentures in the principal amount of \$21,675 or \$0.35 per debenture (the "Debentures") and 33,867,826 common share purchase warrants (the "Private Placement Warrants") upon qualification for distribution.

The last tranche of the Private Placement of \$5,001 and 7,813,476 common share purchase warrants were released in July 2018 to SMF Investments Limited ("SMF") pursuant to an escrow release and amending agreement dated July 10, 2018 in consideration for a payment of \$100 and amendment to the terms and conditions of the Debentures, whereby such debentures shall bear interest at a rate of 12% per annum from the date of issuance of the Debentures until the first draw-down conditions under the since terminated Credit Agreement described in Note 11(a)(i), are completed, satisfied or waived (the "Interest-bearing Debentures"). If the conditions are not satisfied, the investor has the right to request repayment and cancellation of the Interest-bearing Debentures and warrants which, in the event of default, the Company would grant to the holder of such Interest-bearing Debentures a licensing agreement that provides the investor certain limited rights over the Company's SAR IP. While the original satisfaction date was December 31, 2018, the Company entered into a series of amendments to the agreement pursuant to which the debenture holder extended the date by which the Company must meet the first drawdown conditions under the Credit Agreement and subsequently, an alternative financing for the UrtheDaily Constellation, from December 31, 2018 until August 31, 2019. The debenture holder holds a general security agreement over the Borrower's assets. The Company is continuing discussions with the debenture holder of the Interest-bearing Debentures for further extensions subsequent to March 31, 2020, as described in Note 20(b).

As a result, the carrying value of the non-derivative host liability of \$5,001 relating to the Interest-bearing Debentures has been classified as a current liability at March 31, 2020. Also, the fair values of the associated embedded derivative of \$430 and derivative warrant liability of \$31 at March 31, 2020 have been classified as current liabilities and presented within Other Financial Liabilities (Note 12).

b) Unsecured \$6,600 Convertible Debentures

On September 11, 2019, the Company closed a \$6,600 financing (the "\$6,600 Debenture Financing") with Vine Rose Limited ("Vine Rose"), consisting of a senior unsecured convertible debenture of the Company in the principal amount of \$2,980 (the "September Convertible Debenture") and a senior unsecured non-convertible debenture of the Company in the principal amount of \$3,620 (the "September Debenture"). These debentures accrue interest at a rate of 17% per annum and had an original maturity date of October 31, 2019. The September Convertible Debenture was convertible into Common Shares of the Company at the option of the Lender, at any time prior to the maturity date at a conversion price equal to \$0.32 per Common Share (the "Original Conversion Price"). The Original Conversion Price is subject to adjustment in certain circumstances, including if the Company issues any Common Shares or securities convertible into Common Shares (other than pursuant to its equity incentive plan) at a lower price, in which case the conversion price shall be reduced to such lower price but not less than \$0.24, subject to approval from the TSX.

Effective October 31, 2019, the Company and Vine Rose amended the September Convertible Debenture and September Debenture agreements whereby amended unsecured fully convertible debentures of the Company in the aggregate principal amount of \$6,600 (the "\$6,600 Convertible Debentures") were issued with revised maturity dates of December 31, 2019 and with generally the same terms as the September Convertible Debenture described above. In addition, the Company issued to Vine Rose 6,034,745 common share purchase warrants of UrtheCast (the "November Warrants") effective November 15, 2019 having a maturity date of September 11, 2024 and an exercise price of \$0.48 per common share, subject to adjustment in certain circumstances (Note 11(a)).

The Company is continuing discussions with Vine Rose for further extensions subsequent to March 31, 2020 as further described in Note 20(b).

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c) \$2,026 Unsecured Convertible Debenture

The Company closed a \$2,026 (US \$1,550) financing on January 31, 2020 with SMF consisting of an unsecured convertible debenture of the Company in the principal amount of \$2,026 (the "2020 Debenture"). The 2020 Debenture accrues interest at a rate of 17% per annum, had a maturity date of March 31, 2020 and is convertible into Common Shares of the Company at the option of the lender, at any time prior to the maturity date at a conversion price equal to \$0.32 per Common Share (the "Original Conversion Price"). The Original Conversion Price is subject to adjustment in certain circumstances, as described above. In the event of default under the Convertible Debenture, SMF will receive a license to certain intellectual property of the Company.

In connection with the financing, the Company paid the Lender a 3% finance fee from the proceeds of the financing and issued to the Lender 4,171,677 Common Share purchase warrants of the Company (the "January 2020 Warrants") having an expiry date of January 27, 2025 and an exercise price of \$0.48 per Common Share (the "Original Exercise Price") (Note 11(a)). The Original Exercise Price is subject to adjustment in certain circumstances, including if the Company issues any Common Shares or securities convertible into Common Shares (other than pursuant to its equity incentive plan) at a lower price, in which case the conversion price shall be reduced to such lower price but not less than \$0.32, subject to approval from the TSX.

The Company is continuing discussions with the Lender for an extension subsequent to March 31, 2020 as further described in Note 20(b).

d) Valuation

The embedded derivatives and derivative warrant liability were measured first at their fair values on date of initial recognition upon the release of proceeds to the Company and recorded separately. The debt host liability was measured at the residual value after deducting the fair values attributable to the embedded derivatives and derivative warrant liability from the total transaction price of the Convertible Debentures. The proceeds from the Debentures were bifurcated between the host debt liability and these derivative components on their respective dates of initial recognition.

The Company used a third-party valuation expert that applied FinCAD's convertible bond model to value the Embedded Derivates upon initial measurement and subsequently.

The key assumptions used in the model at March 31, 2020 are as follows:

	Debentures issued May and June 2018	Interest- bearing Debentures issued July 2018	Convertible Debentures issued October 2019	Convertible Debentures issued January 2020
Share price	\$0.07	\$0.07	\$0.07	\$0.07
Risk-free interest rate	0.56%	0.56%	0.18%	0.21%
Term to maturity (years)	4.20	4.20	-	-
Expected volatility	59.59%	59.59%	70.74%	70.74%
Implied credit spread	41.17%	41.17%	41.17%	41.17%
Probability of a downward adjustment to conversion price	50%	50%	50%	50%
Fair value of embedded derivative	\$0.03	\$0.03	nil	nil

The expected volatility rate was derived from the Company's historical volatility and adjusted for a 40% discount to reflect an estimated implicit volatility discount based on implicit discounts observed in the prices of traded warrants on the TSX.

On the initial date of recognition, the fair values of the 2020 Debenture was estimated to be nil as the conversion feature was unlikely to be exercised given the short term to maturity and the conversion price was significantly higher than the share price on the date of initial recognition.

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At March 31, 2020, the fair values of the embedded derivatives of the \$6,600 Convertible Debentures and the 2020 Debenture were each estimated to be nil as the conversion features were unlikely to be exercised given that the conversion prices were significantly higher than the share price at March 31, 2020 of \$0.07.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The following table reflects the continuity of the derivative financial instruments classified as non-current liabilities from January 1, 2019 to March 31, 2020:

	Embedded Derivatives	Derivative Warrant Liabilities (a)	Total
Balance at January 1, 2019	\$ 4,683	\$ 2,802	\$ 7,485
Fair value allocated on issuance of Term Loan Warrants	-	507	507
Fair value on issuance of June Term Loan Warrants	-	50	50
Fair value on issuance of July Term Loan Warrants	-	123	123
Fair value on issuance of November Warrants	-	83	83
Fair value of debentures converted into Common Shares	(737)	-	(737)
Change in fair value	(653)	(1,265)	(1,918)
Balance at December 31, 2019	3,293	2,300	5,593
Fair value on issuance of January 2020 Warrants	-	65	65
Change in fair value	(1,430)	(1,606)	(3,036)
Balance at March 31, 2020	1,863	759	2,622
Current portion (Note 10(a))	(430)	(31)	(461)
Non-current portion	\$ 1,433	\$ 728	\$ 2,161

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a) Derivative Warrant Liabilities

The following table reflects the continuity of warrants from January 1, 2019 to March 31, 2020:

	Number of Warrants	Fair Value	Weighted Average Exercise Price
Balance at January 1, 2019	79,573,974	\$ 2,802	\$ 0.38
Issuance of Term Loan Warrants (Note 8(a))	22,275,713	507	0.48
Issuance of June Term Loan Warrants (Note 8(b))	10,560,000	50	0.48
Issuance of July Term Loan Warrants (Note 8(c))	10,560,000	123	0.48
Issuance of November Warrants (Note 10(b))	6,034,745	83	0.48
Change in fair value	-	(1,265)	-
Balance at December 31, 2019	129,004,432	\$ 2,300	\$ 0.42
Issuance of January 2020 Warrants (Note 10(c))	4,171,677	65	0.48
Change in fair value	-	(1,606)	-
Balance at March 31, 2020	133,176,109	\$ 759	\$ 0.42

No warrants were exercised during the three months ended March 31, 2020 (2019 - nil).

The warrants described below are considered a derivative instrument and classified as financial liabilities at FVTPL as they do not meet the criteria for equity classification under IFRS. The warrants are initially measured at fair value and subsequent changes in fair value are recorded through the consolidated statements of loss and comprehensive loss.

Each warrant is exercisable at an exercise price of \$0.48 for one Common Share of the Company, except 23,617,500 warrants which are exercisable at an exercise price of \$0.15, for a period of five years following issuance of the warrant. The exercise period can be accelerated at the option of the Company if the closing share price of the Common Shares of the Company equals or exceeds 250% of the exercise price for at least 20 consecutive trading days. The exercise price is subject to downward adjustment to a lower exercise price to match the lower issue price for shares issued during the life of the warrants, subject to a floor of \$0.32. Warrant holders have a cashless exercise option that if exercised, may elect to receive the number of Common Shares equal to the difference between the aggregate exercise price and aggregate market price at time of exercise divided by the market price at time of exercise.

i) Lender Warrants

The Company issued 14,275,172 common share purchase warrants (the "Lender Warrants") to the senior lenders of the US \$142,000 credit agreement (the "Credit Agreement") dated May 18, 2018 to finance the UrtheDaily Constellation project on similar terms as the warrants described above. On February 13, 2019, as part of a mutual termination agreement to terminate the Credit Agreement, the Company agreed that in lieu of all termination fees otherwise payable under the Credit Agreement, the Lender Warrants will become exercisable upon alternative financing for the UrtheDaily Constellation being secured and drawn down, subject to approval from the TSX. In addition, the Company agreed to pay the expenses of the senior lenders in connection with the Credit Agreement in the amount of approximately \$325.

ii) Valuation

The Company used a third-party valuation expert that applied FinCAD's single barrier options model, which incorporates the Black-Scholes option pricing approach, to value the warrants upon initial measurement and subsequently at March 31, 2020.

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The key assumptions used in the model for the January 2020 Warrants at January 27, 2020 are as follows:

	January 2020 Warrants
Share price	\$0.12
Exercise price	\$0.48
Risk-free interest rate	1.62%
Term to maturity (years)	5.0
Expected volatility	65.14%
Probability of a downward adjustment to conversion price	50%
Fair value of warrant	\$0.016

The key assumptions used in the model at March 31, 2020 are as follows:

	Private Placement Warrants	Private Placement Warrants (July 2018)	Backstop Fee Warrants	Lender Warrants	Term Loan Warrants	June and July Term Loan Warrants	November Warrants	January 2020 Warrants
Share price	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
Exercise price	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48
Risk-free interest rate	0.51%	0.51%	0.51%	0.51%	0.51%	0.56%	0.57%	0.59%
Term to maturity (years)	3.20	3.20	3.20	3.20	3.20	4.20	4.50	4.80
Expected volatility	64.37%	64.37%	64.37%	64.37%	64.37%	59.59%	59.59%	59.59%
Probability of a downward adjustment to conversion price	50%	50%	50%	50%	50%	50%	50%	50%
Fair value of warrant	\$0.003	\$0.003	\$0.012	\$0.003	\$0.003	\$0.005	\$0.006	\$0.005

The expected volatility rate was derived from the Company's historical volatility and adjusted for a 40% discount to reflect an estimated implicit volatility discount based on implicit discounts observed in the prices of traded warrants on the TSX.

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12. OTHER FINANCIAL LIABILITIES

	March 31, 2020	December 31, 2019
Deferred consideration related to the Geosys Acquisition (a)	\$ 18,471	\$ 17,583
Deferred royalty consideration related to Geosys Acquisition (a)	1,173	1,064
Lease liabilities (b)	9,512	9,113
Derivative financial instruments (Note 17(a))	1,546	1,641
Other financial liabilities	235	221
Total other financial liabilities	30,937	29,622
Other financial liabilities directly associated with assets held for sale (Note 4)	(6,086)	(5,696)
	24,851	23,926
Current portion	(8,231)	(8,756)
Non-current portion	\$ 16,620	\$ 15,170

a) Deferred Consideration related to the Geosys Acquisition

As described in Note 3, the Company recognized the present value of deferred consideration of \$16,013 and deferred royalty consideration of \$1,748 on the acquisition date. Subsequently, the Company adjusted the aggregate deferred consideration liability to \$18,647 at December 31, 2019 and to \$19,644 at March 31, 2020. The Company recognized accretion expense of \$395 in the three months ended March 31, 2020 as finance costs and an increase of \$602 due to foreign exchange translation.

b) Lease liabilities

The Company has commitments under a Service Level Agreement and Option Agreement for the purchase of assets, pursuant to the original share purchase and sale agreement for the acquisition of Deimos Imaging in 2015. These commitments are being accounted for as a finance lease as they confer the right to use the assets with an option to purchase in July 2020. The share purchase and sale agreement provided for a contingent increase of the purchase price of €3,200 should the Company not exercise the option to purchase the assets in July 2020. The assets are included in assets held for sale (Note 4) with a carrying amount of \$1,757 at March 31, 2020. The Company has future minimum lease payments of \$5,765 (€3,700) related to this finance lease, which are payable in 2020.

13. SHARE CAPITAL

The authorized share capital of UrtheCast Corp. consists of an unlimited number of Common Shares with no par value. The holders of Common Shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On June 26, 2019, the Company modified its authorized share capital by creating a new class of unlimited number of preferred shares with certain rights and restrictions to be determined by the Board at a future date. No preferred shares have been issued.

The following is a summary of changes in the Company's share capital from January 1, 2019 to March 31, 2020:

	Number of Shares	Amount
Balance at January 1, 2019	127,314,817	\$ 219,356
Shares issued upon vesting of Restricted Share Units	2,199,165	1,047
Shares issued on conversion of debentures	13,415,625	2,501
Balance at December 31, 2019 and March 31, 2020	142,929,607	\$ 222,904

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14. SHARE-BASED PAYMENTS

The Company has an equity incentive plan (the "Equity Incentive Plan") that enables it to grant stock options and restricted share units ("RSUs") to its directors, employees, consultants and advisors up to a maximum of 15% of the issued and outstanding Common Shares on the date of the grant. The Company also has a phantom share unit plan that enables it to grant cash-settled PSUs to its employees.

The total expense arising from share-based payment transactions in the three months ended March 31, 2020 was \$392 (2019 - \$229).

a) Stock Options

The exercise price of stock options granted is determined based on the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date. Stock options vest equally over three years and expire after five years. No stock options were granted or exercised during the three months ended March 31, 2020 or 2019.

The following table reflects the continuity of stock options for the three months ended March 31, 2020 and 2019:

	Three months ended March 31, 2020		Three months ended March 31, 2019	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, beginning of year	2,993,000	\$ 0.92	4,321,500	\$ 0.97
Forfeited	(8,000)	2.13	(209,000)	0.82
Expired	(20,000)	2.09	-	-
Outstanding, end of period	2,965,000	\$ 0.91	4,112,500	\$ 0.98
Vested, end of period	1,764,335	\$ 1.14	1,615,501	\$ 1.47

b) Restricted Share Units

The Company has a restricted share unit ("RSU") plan, which entitles participants to receive one Common Share of the Company for each vested RSU. RSUs generally vest over a two or three-year period in six-month or annual increments, except for RSUs granted to directors and certain consultants, which vest immediately. RSUs are valued at the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date.

The following table reflects the continuity of RSUs for the three months ended March 31, 2020 and 2019:

	Three months ended March 31, 2020		Three months ended March 31, 2019	
	Number of RSUs	Weighted average grant date fair value	Number of RSUs	Weighted average grant date fair value
Outstanding, beginning of year	16,725,997	\$ 0.22	9,547,287	\$ 0.44
Released	-	-	(1,961,665)	0.38
Forfeited	-	-	(80,000)	1.32
Outstanding, end of period	16,725,997	\$ 0.22	7,505,622	\$ 0.44
Vested, end of period	4,804,492	\$ 0.47	2,133,513	\$ 0.94

No RSUs were granted during the three months ended March 31, 2020 or 2019.

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c) Phantom Share Units

The Company adopted a PSU plan in June 2019, which entitles participants to receive, for each vested PSU, a cash payment equivalent to the closing market price of the Company's Common Shares on the vesting date. At the discretion of the Company, it may instead settle the payout of PSUs by issuing an RSU, pursuant to the Equity Incentive Plan, for each PSU, subject to any required regulatory approvals and the existing limits and the participants' eligibility under the Equity Incentive Plan.

PSUs are initially valued at the greater of the closing market price of the Common Shares on the day prior to the grant and the volume weighted average price of the shares for the five trading days prior to the grant date. PSUs are subsequently revalued based on the closing market price of the Common Shares at the end of each reporting period.

14,127,435 PSUs were outstanding at March 31, 2020 at a weighted average fair value of \$0.07, of which 6,165,130 were vested. No PSUs were granted and 105,042 PSUs were forfeited during the three months ended March 31, 2020. In determining the number of PSUs expected to vest, management applied an expected weighted average forfeiture rate of 8% and estimated that performance conditions required for vesting of 1,958,258 PSUs will not be satisfied.

The Company recognized a credit to share-based payment expense of \$8 arising from PSUs during the three months ended March 31, 2020 and recognized a liability of \$672 at March 31, 2020 which was included in trade and other payables (December 31, 2019 - \$680).

15. REVENUE AND GEOGRAPHIC INFORMATION

The Company's chief operating decision makers examine the Company's performance based on one reportable operating segment which includes the provision of the Earth Observation imagery, geo-analytics products and services, and engineering and value-added services.

a) Revenue

The Company recognized revenue of \$4,376 from geo-analytics imagery products and services during the three months ended March 31, 2020 (2019 - \$4,425) of which 78% (2019 - 76%) was derived from the Winfield SLA with Land O'Lakes as described in Note 3.

Disclosure of the timing of revenue recognition is as follows:

	Three Months Ended March 31,	
	2020	2019
Services transferred at a point in time	\$ 382	\$ 182
Services transferred over time	3,994	4,243
	<u>\$ 4,376</u>	<u>\$ 4,425</u>

Revenue disaggregated by the geographic location of customers is as follows:

	Three Months Ended March 31,	
	2020	2019
Americas	\$ 3,682	\$ 3,582
Europe and Russia	624	763
Asia-Pacific	44	50
Middle East, Africa and South Asia	26	30
	<u>\$ 4,376</u>	<u>\$ 4,425</u>

UrtheCast Corp.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2020 and 2019
(unaudited)
(in thousands of Canadian dollars, except number of shares and per share amounts)

b) Non-current assets

The Company's non-current non-financial assets, comprised of property and equipment, intangible assets and goodwill are geographically located as follows:

	Property and Equipment	Intangible Assets	Goodwill	Total
Canada	\$ 1,232	\$ 38,645	\$ -	\$ 39,877
France	1,996	15,736	12,346	30,078
United States	385	-	-	385
Balance at March 31, 2020	\$ 3,613	\$ 54,381	\$ 12,346	\$ 70,340
Canada	\$ 1,324	\$ 37,666	\$ -	\$ 38,990
France	1,916	14,677	11,337	27,930
United States	409	-	-	409
Balance at December 31, 2019	\$ 3,649	\$ 52,343	\$ 11,337	\$ 67,329

16. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

a) Key Management Compensation

The Company considers its officers and directors to be key management personnel. Key management compensation for the three months ended March 31, 2020 and 2019 was as follows:

	Three Months Ended March 31,	
	2020	2019
Salaries and benefits	\$ 295	\$ 304
Directors' fees	56	119
Share-based payments	225	185
	\$ 576	\$ 608

The Company deferred cash compensation to certain officers of \$109 and directors' fees of \$56 during the three months ended March 31, 2020. As at March 31, 2020, deferred cash compensation of \$658 was payable to certain officers, directors and former directors of the Company (December 31, 2019 - \$493).

b) Other Related Party Transactions

Under the conditions of the US \$12,000 Term Loan described in Note 8(a), certain officers and directors of the Company agreed to participate in the financing and in consideration, the Company issued 1,815,713 common share purchase warrants to those officers and directors.

In connection with the US \$12,000 Term Loan, Bolzano appointed an independent director of UrtheCast pursuant to a board appointment right granted by the Company to Bolzano.

The Company issued 22,275,713 common share purchase warrants in connection with the US \$12,000 Term Loan and 10,560,000 common share purchase warrants in connection with the US \$1,500 June Term Loan described in Note 8(b) and incurred interest expense of US \$318 to Bolzano during the three months ended March 31, 2020 (2019 - US \$154).

UrtheCast Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2020 and 2019
(unaudited)
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17. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measurement

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, restricted term deposits, and trade and other receivables approximate fair value due to their short-term nature. The fair value of the Company's trade and other accounts payables, bank and other loans, and long-term debt at March 31, 2020 may be less than the carrying value as a result of the Company's credit and liquidity risk (Note 1(b)).

Fair value hierarchy:

Derivative financial instruments are measured at fair value in accordance with IFRS 13, *Fair Value Measurement*, which requires classification of financial instruments within a hierarchy based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company utilizes a variety of derivative financial instruments to reduce its exposure to risks associated with fluctuations in foreign exchange rates and floating interest rates on long-term debt. The following table summarizes the fair values and fair value classification of derivative financial instruments as at March 31, 2020 and December 31, 2019:

	Classification	Hierarchy	Fair Value	
			March 31, 2020	December 31, 2019
Embedded derivatives (Note 11)	FVTPL	Level 2	\$ 1,863	\$ 3,292
Derivative warrant liabilities (Note 11)	FVTPL	Level 2	759	2,300
Foreign exchange forward contracts	FVTPL	Level 2	1,030	710
Interest rate swap	FVTPL	Level 2	55	52

The fair value of derivative financial instruments with respect to its foreign currency contracts and interest rate swap of \$1,085 (December 31, 2019 - \$762) and the current portion of the fair value of the embedded derivatives of \$430 (December 31, 2019 - \$761) and derivative warrant liability of \$31 (December 31, 2019 - \$118) related to the Interest-bearing Debentures are included in Other Financial Liabilities (Note 12).

The following table summarizes the unrealized gain (loss) on derivative financial instruments for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	2019
Embedded derivatives (Note 11)	\$ 1,430	\$ 1,645
Derivative warrant liabilities (Note 11)	1,606	1,743
Foreign exchange forward contracts	(479)	87
	<u>\$ 2,557</u>	<u>\$ 3,475</u>

UrtheCast Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2020 and 2019
(unaudited)
(in thousands of Canadian dollars, except number of shares and per share amounts)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is currently experiencing severe cash flow constraints and may not have sufficient funds to be able to pay its debt and other obligations in the future. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing financial liabilities and commitments as well as compliance with long-term debt and funding agreements. These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future as discussed further in Note 1(b).

c) Credit risk

Credit risk the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk consist primarily of cash and cash equivalents and trade and other receivables.

Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Restricted term deposits have maturities of one year or less, except for those classified as non-current, and are held by financial institutions as security for a credit facility and in connection with letters of credit and bank guarantees. The maximum exposure relating to cash and restricted term deposits at March 31, 2020 was \$2,632 (December 31, 2019 - \$2,072) in addition to \$8,171 which was classified as held for sale (December 31, 2019 - \$8,447).

The Company has policies to limit the amount of risk with each individual customer, and exposure to bad debts is managed as part of the Company's normal activities. Each customer's credit rating is assessed considering its financial position, past experience and other factors. Credit limits are regularly monitored, and the Company has formal procedures for detecting objective evidence of impairment of trade receivables. For our significant engineering services contract, amounts receivable invoiced to the customer is secured by a 20% advance payment and a letter of credit for the balance of payments once milestone billings are achieved and accepted by the customer. These measures may not sufficiently mitigate the risk relating to the Company's unbilled accounts receivable balance on the contract. The maximum exposure relating to trade and other receivables at March 31, 2020 was \$18,024 (December 31, 2019 - \$16,834) in addition to \$2,913 which was classified as held for sale (December 31, 2019 - \$2,830).

18. LOSS PER SHARE

The basic loss per share amount is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. The effect of the conversion of options, RSUs, convertible debentures, warrants and other equity instruments would be anti-dilutive, making the basic and diluted loss per share equal.

	Three Months Ended March 31,	
	2020	2019
Net loss	\$ (11,188)	\$ (6,155)
Weighted average number of common shares	142,929,607	131,008,822
Basic and diluted loss per share	\$ (0.08)	\$ (0.05)

	Three Months Ended March 31,	
	2020	2019
Net loss from continuing operations	\$ (2,544)	\$ (1,102)
Weighted average number of common shares	142,929,607	131,008,822
Basic and diluted loss per share - continuing operations	\$ (0.02)	\$ (0.01)

UrtheCast Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2020 and 2019
(unaudited)
(in thousands of Canadian dollars, except number of shares and per share amounts)

19. COMMITMENTS

The Company has contractual capital commitments requiring future payments of \$5,874 in 2020 related to the development of its SAR technologies. These amounts will be recorded when the services are rendered.

20. SUBSEQUENT EVENTS

a) Deferral of Second Instalment Payable to Land O'Lakes

Subsequent to March 31, 2020, the Company and Land O'Lakes agreed to further defer the remaining US \$3,500 balance of the Second Instalment for the Geosys Acquisition, which was due May 14, 2020, in consideration for an extension fee of US \$250, each payable by October 1, 2020, and interest to be accrued on the unpaid balance from May 15, 2020 at an interest rate of 10% per annum.

b) Extension of Various Term Loans and Convertible Debentures

The Company is in continuing discussions with the lenders of i) the US \$ 12,000 Term Loan which matured April 15, 2020, ii) the \$1,500 June Term Loan and the \$1,500 July Term Loan, which matured on January 15, 2020, iii) the \$6,600 Convertible Debentures which matured December 31, 2019, iv) the Interest-bearing Debentures which matured August 31, 2019, and v) the 2020 Debenture which matured March 31, 2020, to further defer maturity and principal repayments as the Company seeks to finalize a binding commitment to finance the UrtheDaily Constellation. None of these lenders have issued a notice of default to date.

The Company is also in constructive discussions with the lender of its Spanish Term Loan to secure a further deferral of the €5,350 which was due on June 1, 2020 in exchange for a partial payment of principal and/or accrued interest.

c) Government Funding

In May 2020, the Company was awarded a non-repayable wage subsidy contribution of approximately \$530 under the Canadian government's IRAP Innovation Assistance Program of which \$409 has been received.

In June 2020, the Company was awarded an approximately \$1,000 non-repayable contribution from the Canadian Space Agency under its Space Technology Development Program towards funding further development of the Company's UrthePipeline ground segment systems' enhanced analytics capabilities.

d) Impact of COVID-19

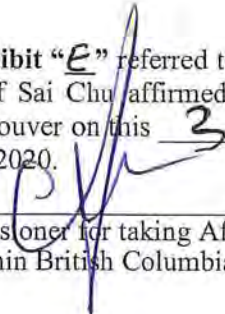
As announced on March 30, 2020, as a result of the impact of the COVID-19 pandemic on the timely completion of these consolidated financial statements, the Company relied upon the Canadian Securities Administrators' blanket relief, which, in light of COVID-19 and its impact on market participants, provides a 45-day extension for periodic filings normally required to be made by issuers on or before June 1, 2020. Similar relief has been provided by the Toronto Stock Exchange.

The Company is navigating the rapidly changing operating and market dynamics caused by the COVID-19 pandemic and government efforts to mitigate its effects. The Company has taken all recommended steps to allow employees to work remotely while continuing to maintain operations and serve the Company's customers without interruption.

While the Company continues to execute and reach payment milestones under our government contracts and are working to negotiate and secure the proposed UrtheDaily Constellation financing and sale of the Deimos Imaging business, these efforts have been, and may continue to be, adversely affected or delayed by the COVID-19 pandemic and the government responses, which have caused general disruptions to equity and debt markets, access to labour, supply chains, travel and diligence activities and related impacts. We are continuing to monitor the situation closely and are prepared to further adjust our operations in Spain, France, the U.S. or Canada as needed to minimize disruption to our business.

While the Company expects this to be temporary, the current circumstances are dynamic and the full impacts of COVID-19 on its business operations and the future financial condition cannot be reasonably estimated at this time.

This is Exhibit "E" referred to in the
Affidavit of Sai Chu affirmed before
me at Vancouver on this 3 day of
September 2020.



A Commissioner for taking Affidavits
within British Columbia

Urthecast Corp. et al.
 Combined Cash Flow Statement
 For the Thirteen Weeks ending November 27, 2020
 All figures in Canadian dollars (000)

Week Ending		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Forecast
Notes		2020-09-04	2020-09-11	2020-09-18	2020-09-25	2020-10-02	2020-10-09	2020-10-16	2020-10-23	2020-10-30	2020-11-06	2020-11-13	2020-11-20	2020-11-27	Total
Collections															
1	Other Collections	116	400	62	-	157	-	-	-	-	-	-	-	-	735
	Total Collections	116	400	62	-	157	-	-	-	-	-	-	-	-	735
Operating Disbursements															
2	AWIS	(55)	-	-	-	-	-	(10)	-	-	(13)	-	(10)	-	(88)
3	Payroll	-	(306)	(35)	-	(333)	-	(306)	-	(341)	-	-	(306)	-	(1,625)
4	Miscellaneous	(80)	-	-	-	(150)	-	-	-	-	(85)	-	-	-	(315)
	Total Operating Disbursements	(135)	(306)	(35)	-	(433)	-	(316)	-	(341)	(98)	-	(316)	-	(2,028)
	NET OPERATING CASH FLOW	(19)	94	27	-	(325)	-	(316)	-	(341)	(98)	-	(316)	-	(1,293)
Restructuring Disbursements															
5	Restructuring professional fees	-	(200)	-	(525)	-	-	(525)	-	-	-	-	(625)	-	(1,875)
	Total Restructuring Disbursements	-	(200)	-	(525)	-	-	(525)	-	-	-	-	(625)	-	(1,875)
	NET WEEKLY CASH FLOW	(19)	(106)	27	(525)	(325)	-	(841)	-	(341)	(98)	-	(941)	-	(3,168)
Cash Balance															
	Beginning Book Balance	905	1,328	1,105	476	18	203	22	57	132	70	970	328	61	905
	Net Cash Flow	(19)	(106)	27	(525)	(325)	-	(841)	-	(341)	(98)	-	(941)	-	(3,168)
6	Intercompany to / from Geosys Subsidiaries	(218)	(118)	(646)	68	510	(481)	(224)	(125)	(21)	988	(642)	(226)	(2)	(1,138)
7	Advances pursuant to term loan	660	-	-	-	-	-	-	-	-	-	-	-	-	660
	DIP Funding	-	-	-	-	-	300	1,100	200	300	-	-	900	-	2,800
8	Ending Cash Balance	1,328	1,105	476	18	203	22	57	132	70	970	328	61	59	59

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF URTHECAST CORP.,
URTHECAST INTERNATIONAL CORP., URTHECAST USA INC, 1185729 B.C. LTD. AND THOSE
OTHER PETITIONERS SET OUT ON THE ATTACHED SCHEDULE "A"

Notes and Assumptions to the Cash Flow Forecast

For the period Sept 4, 2020 to November 27, 2020 (the "Period")

Disclaimer:

This cash flow forecast (the "**Forecast**"), has been prepared using unaudited financial information and the Monitor has not attempted to further verify the accuracy or completeness of such information.

The Forecast is based on the probable and hypothetical assumptions outlined below.

Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Period will vary from the Forecast, and such variation may be material. There is no representation, warranty or other assurance that any of the assumptions or estimates used in the Forecast will be realized.

Overview:

The Cash Flow Forecast includes receipts and disbursements of the Petitioners during the Period. The Petitioners, with the assistance of Ernst & Young Inc., in its capacity as the proposed monitor of the Petitioners (the "**Proposed Monitor**"), have prepared the Forecast based primarily on estimated receipts and disbursements related to the CCAA proceedings and the Petitioners ongoing operations.

Receipts and disbursements are denominated in Canadian dollars.

The Forecast was prepared for the purpose of satisfying the requirements pursuant to paragraph 10(2)(a) of the *Companies' Creditors Arrangement Act* ("**CCAA**").

Beginning Cash:

The Petitioner's opening cash balance as at the week of September 4, 2020 is approximately \$905,000. This amount includes funds of approximately \$506,000 CAD held in Geosys Holding, ULC operating subsidiaries in various jurisdictions and currencies (converted to CAD).

[1] Other gov receipts

Includes various non repayable government grants, and draws on the Strategic Aerospace and Defence Initiative ("**SADI**") loan program. It is assumed that the filing of the CCAA initial order will not impair the Petitioner's abilities to receive funds through SADI program and the various government grants.

[2] Amazon Web Services ("**AWS**")

Payments made to AWS for use of their cloud-based servers. AWS payments are derived by management estimates of anticipated usage related to processing imagery data via the Urthe Pipeline platform and general usage.

[3] Payroll

Includes UrtheCast Corp. bi weekly payroll. Payroll amounts include approximately 53 highly skilled employees including aerospace engineers and computer software developers. The payroll amounts are estimated based on anticipated staffing levels during the CCAA proceedings.

[4] Miscellaneous

Miscellaneous disbursements include office expenses, rent, subcontractors, computer systems and software and other miscellaneous costs.

[5] Restructuring professional fees

Fees owing to or estimated to be incurred by the Petitioner's legal counsel, the Monitor and the Monitor's legal counsel in connection with the CCAA proceedings.

[6] Intercompany to / from Geosys Subsidiaries

Intercompany to / from Geosys Subsidiaries shows the funding needs of the Geosys Holding, ULC operations as well as it's ability to fund the parent company over the forecast period. These funding requirements arise from the timing of receipts from large customers and timing of payments to suppliers. Annualized Geosys operations are forecasted to positively affect the Petitioners' cash flow.

The intercompany transfers to/from Geosys Subsidiaries assume the above mentioned \$506,000 CAD cash held in Geosys subsidiaries is being held by Urthecast Corp. and that Geosys subsidiaries' opening cash balances are \$0.

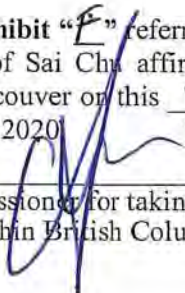
[7] Advances pursuant to term loan

Considers remaining advance pursuant to the August 2020 Term Loan.

[8] DIP Funding

The Petitioners anticipate applying for the approval of DIP Funding and associated charge at the comeback hearing. It is anticipated that the DIP facility will drawn on an as needed basis.

This is **Exhibit "F"** referred to in the
Affidavit of Sai Chu affirmed before
me at Vancouver on this 3 day of
September 2020



A Commissioner for taking Affidavits
within British Columbia



DILIGENCIA: En Madrid, a **11 DIC 2015** con el nº **252**
queda esta póliza incorporada a mi Libro de Registro.-

CONTRATO DE PRÉSTAMO

entre

BANCO DE SABADELL, S.A.

como Banco

y

URTHECAST IMAGING, S.L.U.

como Prestataria



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ANEXOS



En Madrid, a 11 de diciembre de 2015. Con la intervención de D. Rodrigo Tena Arregui, Notario de Madrid y de su Ilustre Colegio.

COMPARECEN

- I. **BANCO DE SABADELL, S.A.**, sociedad de nacionalidad española con domicilio social en Sabadell, Barcelona (España), en la Plaza Sant Roc número 20 y con número de identificación fiscal (N.I.F.) A-08000143; inscrita en el Registro Mercantil de Barcelona, Tomo 20.093, Folio 1, Hoja B-1.561 (el "**Banco**"). El Banco es una entidad de crédito española que tiene por objeto social el desarrollo de la actividad bancaria y que como entidad bancaria está sujeta a la supervisión del Banco de España y de la Comisión Nacional del Mercado de Valores e inscrita en el Registro Oficial de Bancos y Banqueros con el número 0081.

El Banco está representado según consta en la diligencia de intervención de la presente póliza.

- II. **URTHECAST IMAGING, S.L.U.**, sociedad de nacionalidad española, con domicilio social en Tres Cantos, Madrid (España), en la Calle Ronda de Poniente número 19, planta 2ª y con número de identificación fiscal (N.I.F.) B-87290821; inscrita en el Registro Mercantil de Madrid al Tomo 33.454, Folio 111, Hoja M-602.161 (la "**Prestataria**").

La Prestataria está representada según consta en la diligencia de intervención de la presente póliza.

El Banco y la Prestataria serán denominados individualmente, como una "**Parte**" y, conjuntamente, como las "**Partes**".



EXPONEN

- I. La sociedad de nacionalidad canadiense URTHECAST INTERNATIONAL CORP. (el “Socio”) es titular del cien por cien (100%) del capital social de la Prestataria. A su vez, UrtheCast Corp., una sociedad constituida de conformidad con las leyes de Ontario (Canadá) domiciliada en 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9, Canadá con número de identificación fiscal canadiense 855908000 y número de identificación fiscal español N4041515J es titular del cien por cien (100%) del capital social de la Prestataria (el “Socio de Control”).

- II. El 15 de julio de 2015, mediante diligencia efectuada por el Notario de Madrid, D. Manuel Richi Alberti, a la escritura de compraventa autorizada por el Notario de Madrid D. Antonio Morenés Giles, el día 13 de julio de 2015 con número 1.222 de su protocolo (el “Contrato de Compraventa” y la referida escritura en virtud de la cual se formalizó dicha compraventa, la “Escritura de Compraventa”), la Prestataria adquirió la titularidad del cien por cien (100%) del capital social de las siguientes sociedades de nacionalidad española:
 - (i) La sociedad DEIMOS IMAGING, S.L.U. con domicilio social en Boecillo, Valladolid (España), en el Parque Tecnológico de Boecillo, Edificio Galileo, Modulo Gris, Planta Baja, número 101 y con número de identificación fiscal (N.I.F.) B-47584529; inscrita en el Registro Mercantil de Valladolid al Tomo 1.235, Folio 133, Hoja VA-18.731 (la “Sociedad I”); y
 - (ii) La sociedad DOT IMAGING, S.L. con domicilio social en Puertollano, Ciudad Real (España), en la Calle Francia número 9, Polígono Industrial La Nava III y con número de identificación fiscal (N.I.F.) B-13581459; inscrita en el Registro Mercantil de Ciudad Real al Tomo 598, Folio 28, Hoja CR-24.440 (la “Sociedad II” y, conjuntamente con la Sociedad I, las “Sociedades”).

- III. Con la finalidad de poder atender el pago de parte del precio bajo el Contrato de Compraventa, el Socio otorgó a la Prestataria financiación intra-grupo, posteriormente cedida a UrtheCast Investments (Malta) Limited, que está expresamente identificada en el Anexo 3 conjuntamente con el resto de financiación intra-grupo existente (la “Deuda Intra-Grupo Existente”).

- IV. La Prestataria ha solicitado al Banco la concesión de un préstamo por importe máximo de 25.000.000 Euros dividido en dos tramos con las finalidades pactadas en este Contrato.



El Banco, habiéndose cumplido de forma precedente o simultánea a la firma de este Contrato las condiciones precedentes acordadas por las Partes en este contrato de préstamo, ha accedido a otorgar a la Prestataria el préstamo solicitado, todo ello sujeto a los términos y condiciones de este Contrato.

- VI. Para cubrir los riesgos derivados de los tipos de interés del presente contrato de préstamo, en unidad de acto a la formalización de este Contrato, la Prestataria ha suscrito con el Banco (a estos efectos como entidad de cobertura) un contrato marco de operaciones financieras (el "CMOF") con sus caracteres propios de autonomía e independencia y al amparo del cual y con el fin de mitigar el riesgo de fluctuación del tipo de interés de referencia del presente Contrato las Partes celebrarán operaciones y suscribirán las correspondientes confirmaciones en las que se documentarán las referidas operaciones financieras de tipo de interés, que formarán parte del CMOF (el "Contrato de Cobertura").
- VII. Con el fin de garantizar las obligaciones asumidas en virtud de este contrato de financiación y del Contrato de Cobertura (conjuntamente, los "Contratos Garantizados"), en esta misma fecha y ante el mismo Notario que interviene esta póliza, la Prestataria y el Socio han suscrito con el Banco un contrato de garantías en virtud del cual la Prestataria y el Socio han otorgado una serie de garantías reales sobre activos de su propiedad a favor del Banco (el "Contrato de Garantías"), en particular las siguientes:
- (i) Derecho real de prenda constituido por el Socio sobre las participaciones de la Prestataria;
 - (ii) Derecho real de prenda constituido por la Prestataria sobre las participaciones que ostenta en cada una de las Sociedades;
 - (iii) Derecho real de prenda constituido por la Prestataria sobre los derechos de crédito derivados de las cuentas corrientes y depósitos abiertas en el Banco;
 - (iv) Derecho real de prenda constituido por la Prestataria sobre los derechos de crédito derivados del Contrato de Compraventa;
 - (v) Derecho real de prenda constituido por la Prestataria sobre los derechos de crédito derivados de la deuda intra-grupo bajo la cual la Prestataria pueda ser acreedora y sobre los derechos de crédito derivados del contrato de gestión que pueda suscribirse en un futuro entre la Prestataria y las Sociedades —con autorización previa, expresa y por escrito del Banco— bajo el cual se devengue el pago de una comisión de gestión a favor de la Prestataria;



- (vi) Derecho real de prenda constituido por la Prestataria sobre los derechos de crédito derivados del CMOF (en este caso, garantizando únicamente las obligaciones derivadas del Préstamo).

VIII. Adicionalmente, en esta misma fecha y ante el mismo notario, la Prestataria, las Sociedades, el Socio, UrtheCast Investments (Malta) Limited y el Banco han suscrito un contrato entre acreedores que establece, entre otras cuestiones, la subordinación de la Deuda Intra-Grupo Existente respecto de este Contrato y respecto del Contrato de Cobertura (el "**Contrato entre Acreedores**").

- IX. Finalmente, en esta misma fecha y ante el mismo notario, el Banco ha emitido un aval a primer requerimiento, copia del cual se adjunta como **Anexo 4**, bajo el cual la Prestataria es la parte garantizada, para garantizar las obligaciones de ésta derivadas del Contrato de Compraventa, en beneficio de Deimos Space, S.L.U., sociedad debidamente constituida y existente de acuerdo con las leyes de España, con domicilio social en Tres Cantos (Madrid), Calle Ronda de Poniente, 19, 2-2ª planta y con NIF B83028084, y Eleonor, S.A. (junto con Deimos Space, S.L.U., los "**Vendedores**"), sociedad debidamente constituida y existente de acuerdo con las leyes de España, con domicilio social en Madrid, Marqués de Mondejar 33 y con NIF A48027056 (el "**Aval**").

Dicho Aval ha sido emitido en cumplimiento de lo dispuesto en la Estipulación Séptima de la Escritura de Compraventa, en virtud de la cual la Prestataria se comprometió a entregar a los Vendedores el Aval y éstos a devolver a la Prestataria, contra la entrega de dicho Aval, el aval a primer requerimiento emitido por el Banco en fecha 13 de julio de 2015, intervenido en esa misma fecha por el Notario de Madrid D. Norberto González Sobrino, con número 2 de su Libro Registro (el "**Aval Original**"), lo que ha tenido lugar con anterioridad a este acto.

Asimismo, en unidad de acto y en virtud del Contrato de Garantías, ha sido cancelado el derecho de prenda de primer rango constituido por la Prestataria a favor del Banco, en garantía de la póliza de contragarantía por la emisión del Aval Original, sobre los derechos de crédito derivados del importe depositado en la cuenta número [REDACTED] (la "**Prenda Original**") y, en consecuencia, los fondos depositados en dicha cuenta han sido liberados (los "**Fondos Liberados**").

Redacted:
Account
Number

- X. En virtud de cuanto antecede, las Partes acuerdan celebrar este contrato de préstamo (el "**Contrato**") que, conjuntamente con el Contrato de Cobertura, el Contrato de Garantías el Contrato entre Acreedores y cualesquiera otros contratos o documentos



que sean designados como tal por el Banco y la Prestataria, serán referidos como los "Documentos de la Financiación") con arreglo a las siguientes



CLÁUSULAS

1. Definiciones e interpretación

- 1.1 Salvo que este Contrato establezca lo contrario, o salvo que sean nombre propio, los términos que figuran con la primera letra en mayúscula se consideran términos definidos y tendrán el significado asignado en este Contrato. El **Anexo 1** contiene una enumeración de dichos términos y la referencia al lugar de este Contrato donde se encuentra dicha definición.
- 1.2 El **Anexo 1** también recoge los principios de interpretación que rigen este Contrato.

2. El Préstamo

Importe del Préstamo

- 2.1 Con sujeción a los términos y condiciones establecidos en este Contrato, el Banco concede a la Prestataria un préstamo por importe de 25.000.000 Euros en los términos que a continuación se prevén (el "**Préstamo**").
- 2.2 El Préstamo se divide en dos tramos:
- (i) Un tramo A por importe de 20.000.000 Euros (el "**Tramo A**"); y
 - (ii) Un tramo B por importe de 5.000.000 Euros (el "**Tramo B**").

Finalidad del Préstamo

- 2.3 El Préstamo tiene por finalidades única y exclusivamente las siguientes:
- (i) La finalidad de las cantidades dispuestas en virtud del Tramo A consiste en la amortización parcial de la Deuda Intra-Grupo Existente y en el pago de determinados costes y gastos derivados de la presente operación de financiación, a todo lo cual se procede en este mismo acto mediante transferencia a la cuenta que se indentifica a continuación titularidad de la sociedad UrtheCast Investments (Malta) Limited, acreedora bajo la Deuda Intra-Grupo Existente según se detalla en el **Anexo 3**.



Redacted:
Banking Information

Account Name	
Bank	
Address	
Account Number	
Currency	
SWIFT Code	
IBAN	

(ii) La finalidad de las cantidades dispuestas en virtud del Tramo B consiste en la íntegra dotación del Depósito Indisponible que garantiza el Aval, en los términos previstos en este Contrato.

2.4 La Prestataria asume como obligación esencial destinar el Préstamo a las finalidades referidas en el apartado anterior. El Banco podrá solicitar a la Prestataria toda la información que considere necesaria o conveniente para llevar a cabo el seguimiento del cumplimiento de esta obligación. No obstante, el Banco no asume obligación, deber de vigilancia o responsabilidad alguna de controlar el cumplimiento por la Prestataria de la obligación contemplada en la presente cláusula.

2.5 El incumplimiento de la obligación de destinar el Préstamo a su finalidad constituirá una Causa de Vencimiento Anticipado.

Naturaleza del Préstamo

2.6 Este Contrato y el Préstamo concedido en virtud del mismo tienen naturaleza mercantil y se registrarán, en primer término, por las cláusulas estipuladas en el mismo y, en lo que en ellas no estuviese contemplado, resultará de aplicación la legislación mercantil y civil española.

2.7 La Prestataria reconoce y acepta que el Banco ha accedido a la concesión del Préstamo inducido por las Manifestaciones y Garantías efectuadas por la Prestataria y



por las obligaciones de hacer y de no hacer asumidas por la Prestataria en este Contrato y en el resto de los Documentos de la Financiación. En consecuencia, las Manifestaciones y Garantías que se recogen en el Contrato y en el resto de los Documentos de la Financiación, así como las obligaciones de hacer y de no hacer asumidas por la Prestataria en los mismos, tienen la naturaleza jurídica de esenciales. Su incumplimiento tendrá la consideración de esencial y carácter resolutorio por referirse a la dinámica de satisfacción plena del interés del Banco y configurarse como la base del negocio jurídico suscrito en virtud de este Contrato y constituir su causa y propósito negocial pactado.

3. Entrega del Préstamo

3.1 Habiéndose cumplido en su integridad las condiciones precedentes relacionadas en el Anexo 2 en términos y condiciones satisfactorios para el Banco, y habiéndose cursado la oportuna solicitud de entrega del Préstamo por parte de la Prestataria, el Préstamo ha sido íntegramente entregado a la Prestataria por el Banco en la fecha del presente Contrato (la "Fecha de Entrega") de la siguiente forma:

- (i) El Tramo A ha sido íntegramente dispuesto y entregado a la Prestataria en esta misma fecha mediante su abono en la Cuenta de Cobros y Pagos; y
- (ii) El Tramo B ha sido íntegramente dispuesto y entregado a la Prestataria en esta misma fecha mediante su abono en la Cuenta de Cobros y Pagos, para su inmediata transferencia al Depósito Indisponible—a cuyos efectos se ha ordenado la oportuna orden de transferencia irrevocable—.

Depósito Indisponible

3.2 El Depósito Indisponible será automáticamente liberado en una cantidad equivalente a la disminución del importe máximo garantizado por el Aval en el supuesto de que el mismo se haya reducido en virtud de la Solicitud de Reducción (tal y como dicho término se define en la copia del Aval adjunto como Anexo 4). La citada reducción del importe máximo garantizado por el Aval constituirá un Supuesto de Amortización Anticipada Obligatoria del Préstamo y será aplicable la Cláusula 5 de este Contrato.

3.3 Asimismo, el Depósito Indisponible será automática e íntegramente liberado en caso de expiración, extinción o pérdida de vigencia por cualquier causa del Aval, lo que implicará la automática liberación de los fondos ingresados en ese momento en el Depósito Indisponible. La citada circunstancia constituirá un Supuesto de Amortización Anticipada Obligatoria del Préstamo y será aplicable la Cláusula 5 de este Contrato.



- 3.4 La Prestataria declara haber recibido a su satisfacción el importe íntegro del Préstamo, dando carta de pago en virtud del presente Contrato, una vez se abone el importe íntegro del mismo en las Cuentas de la Financiación correspondientes. El Préstamo, por su propia naturaleza jurídica, tiene el carácter de no circulante. En consecuencia, la Prestataria no tendrá derecho a que se le entreguen nuevamente cantidades amortizadas bajo el Préstamo.

4. Vencimiento y Amortización Ordinaria del Préstamo

Vencimiento Final del Préstamo

- 4.1 La fecha de vencimiento final del Préstamo será el 11 de diciembre de 2020 (la "Fecha de Vencimiento Final").
- 4.2 En la Fecha de Vencimiento Final, la Prestataria deberá haber efectuado el pago de todas las cantidades debidas en virtud del presente Contrato.

Amortización Ordinaria del Préstamo

- 4.3 La Prestataria deberá amortizar el importe dispuesto bajo el Tramo A en pagos anuales consecutivos de acuerdo con el siguiente calendario:

Fecha	Importe de amortización
11 de diciembre de 2016	4.000,000 Euros
11 de diciembre de 2017	4.000,000 Euros
11 de diciembre de 2018	4.000,000 Euros
11 de diciembre de 2019	4.000,000 Euros
11 de diciembre de 2020	4.000,000 Euros

- 4.4 El importe dispuesto bajo el Tramo B deberá amortizarse íntegramente en la Fecha de Vencimiento Final.
- 4.5 La amortización ordinaria del Préstamo conforme a lo previsto en los apartados anteriores se realizará sin perjuicio de los supuestos de amortización anticipada obligatoria previstos en este Contrato y sin perjuicio del derecho del Banco a vencer anticipadamente el Préstamo en caso de que concurra una Causa de Vencimiento Anticipado.



Amortización Anticipada Obligatoria

Cambio de Control

5.1 En caso de que acontezca cualquiera de los siguientes supuestos (individualmente, cada uno de ellos, **"Cambio de Control"**):

- (i) El Socio de Control deje de ser titular, directa o indirectamente, de al menos el cincuenta coma uno por ciento (50,1%) de los derechos económicos y políticos que le concede su participación en el capital social del Socio.

El Socio de Control únicamente podrá disponer del cuarenta y nueve como nueve (49,9%) de los derechos económicos y políticos que le concede su participación en el capital social del Socio siempre y cuando (**"Transmisión Autorizada"**):

- (a) El Socio de Control mantenga al menos el cincuenta coma uno por ciento (50,1%) de los derechos económicos y políticos que le concede su participación en el capital social del Socio, directa o indirectamente;
- (b) El Socio informe previamente y por escrito al Banco de la transmisión propuesta, con al menos treinta (30) días de antelación a la fecha en que se pretenda formalizar la misma. La notificación previa deberá indicar la identidad del/de los potencial/es adquirente/s;
- (c) El/Los potencial/es adquirente/s deberá/n constituir un **"inversor/es aceptable/s"**, siendo tal/es aquella/s persona/s jurídica/s que:
 - (I) Sea solvente desde una perspectiva económica, entendiéndose que concurre el requisito de solvencia económica cuando: (a) la relación entre el total de activos de la entidad y el total de pasivos sea igual o superior al del Socio de Control; (b) los activos bajo gestión de la entidad sean iguales o superiores al del Socio de Control; (c) la entidad no esté incurso en una situación concursal.
 - (II) Sea solvente desde una perspectiva técnica, entendiéndose que concurre el requisito de solvencia cuando se trate de una entidad con vocación de permanencia a largo plazo -lo cual podrá acreditarse mediante, sin carácter limitativo, la asunción de un compromiso escrito de permanencia en el proyecto por parte del



inversor- y con experiencia, nacional e internacional, en proyectos y actividades similares a los acometidos por el Grupo.

- (III) Cumpla con las exigencias de "compliance" del Banco, tales como la obtención de datos suficientes del inversor aceptable a efectos de su identificación (KYC) y demás normativa relativa a la prevención de blanqueo de capitales, financiación del terrorismo y régimen de sanciones, en particular las Sanciones.
 - (ii) El Socio de Control lleve a cabo una transmisión de los derechos económicos y políticos que le concede su participación en el capital social del Socio que no constituya una Transmisión Autorizada.
 - (iii) El Socio deje de ostentar en cualquier momento el cien por cien (100%) de los derechos económicos y políticos que le concede su participación en el capital social de la Prestataria.
 - (iv) En caso de que se procediese a una venta de todos los activos de la Prestataria o en caso de que, siendo una venta parcial de los activos de la Prestataria, ésta afecte a una parte sustancial de los mismos. Se presumirá que la venta afecta a una parte sustancial de los activos cuando la operación supere, de forma individual o agregada, el veinticinco por ciento (25%) del valor de los activos que figuren en el último balance aprobado por la Prestataria.
- 5.2 En caso de Cambio de Control (salvo que se cuente con consentimiento previo, expreso y por escrito del Banco), la Prestataria deberá reembolsar íntegramente todos los importes debidos al Banco –incluyendo principal, intereses (calculados hasta la fecha en que efectivamente tenga lugar el pago), gastos y demás cantidades a que tenga derecho el Banco–, en la Fecha de Pago de Intereses inmediatamente posterior a la recepción de la comunicación del Banco o, en caso de que sea anterior, la fecha señalada por el Banco en su comunicación.

Fusión

- 5.3 En caso de que la Prestataria iniciase o culminase cualquier procedimiento dirigido a su (i) disolución, liquidación, (ii) escisión, fusión, absorción, transformación en una sociedad que no sea española de capital, o reorganización societaria, o (iii) modificase su actividad social; todo ello sin el consentimiento expreso, previo y por escrito del Banco. En este caso, la Prestataria deberá reembolsar íntegramente todos los importes debidos al Banco –incluyendo principal, intereses (calculados hasta la fecha en que efectivamente tenga lugar el pago), gastos y demás cantidades a que



tenga derecho el Banco-, en la Fecha de Pago de Intereses inmediatamente posterior a la recepción de la comunicación del Banco o, en caso de que sea anterior, la fecha señalada por el Banco en su comunicación.

Ilegalidad

- 5.4 En caso de que la vigencia de este Contrato resultase ilegal o si en algún momento posterior a la firma de este Contrato resultase ilegal el mantenimiento por el Banco de su condición de prestamista, el Banco comunicará a la Prestataria dicha circunstancia.
- 5.5 Una vez notificada dicha circunstancia a la Prestataria y siempre que no hubiera sido posible mitigar dicho supuesto de ilegalidad de acuerdo con lo señalado en la Estipulación 5.7 posterior, ésta deberá reembolsar íntegramente todos los importes debidos al Banco -incluyendo principal, intereses (calculados hasta la fecha en que efectivamente tenga lugar el pago), gastos y demás cantidades a que tenga derecho el Banco-, en la Fecha de Pago de Intereses inmediatamente posterior a la recepción de la comunicación del Banco o, en caso de que sea anterior, la fecha señalada por el Banco en su comunicación.
- 5.6 A estos efectos, se entenderá que resulta ilegal el cumplimiento de las obligaciones previstas en el mismo cuando dicho cumplimiento conlleve la infracción de cualquier disposición, legal o reglamentaria, medida obligatoria o criterio interpretativo vinculante para el Banco en relación con este Préstamo, que emane de autoridades u organismos oficiales con competencia a tal efecto.
- 5.7 En caso de verse afectado por un supuesto de ilegalidad, el Banco realizará sus mejores esfuerzos (siempre que resulten comercialmente aceptables y ello no suponga vulneración de la legislación aplicable y siempre que la Prestataria mantenga al Banco indemne respecto de los tributos, costes y gastos en que incurra al implementar las acciones de mitigación) para buscar una solución que permita mitigar dicho supuesto de ilegalidad. Entre dichas acciones de mitigación, a solicitud de la Prestataria, el Banco realizará sus mejores esfuerzos (siempre que resulten comercialmente aceptables y ello no suponga vulneración de la legislación aplicable y siempre que la Prestataria mantenga al Banco indemne respecto de los tributos, costes y gastos en que incurra al implementar las acciones de mitigación), para ceder su posición a una entidad no afectada por el supuesto de ilegalidad siempre que sea una cesión a la par y sin descuento alguno.



Ruptura de Mercado

- 5.8 En caso de que concurra un supuesto de Ruptura de Mercado y, hubiera transcurrido el Período de Negociación de Ruptura de Mercado sin que las Partes acuerden otra solución, o si así lo acordaran las Partes, se entenderá que concurre un Supuesto de Amortización Obligatoria. En este supuesto será aplicable lo señalado en la Estipulación 10.5; en el caso del apartado (i) de la Estipulación 10.5, la Prestataria deberá reembolsar íntegramente todos los importes debidos al Banco –incluyendo principal, intereses (calculados hasta la fecha en que efectivamente tenga lugar el pago), gastos y demás cantidades a que tenga derecho el Banco–, en la Fecha de Pago de Intereses inmediatamente posterior a la recepción de la comunicación del Banco o, en caso de que sea anterior, la fecha señalada por el Banco en su comunicación.

Sanciones

- 5.9 La Prestataria estará obligada a amortizar íntegra y anticipadamente el Préstamo en caso de que la Prestataria, el Socio o cualquier otra sociedad del Grupo: (i) se convierte en Parte Restringida; (ii) se compromete en cualquier operación, actividad o conducta que pudiera de forma razonable resultar en que cualquiera de ellos fuera designado como Parte Restringida y dicha circunstancia no se hubiera subsanado (si fuera subsanable) en quince (15) desde la notificación del Banco (si tal supuesto consistiera en tener un administrador, director gerente o empleado que constituya Parte Restringida, podrá subsanarse terminando la relación o vínculo con el administrador, director gerente o empleado); (iii) se involucra en cualquier actividad o negocio con una Parte Restringida; (iv) incumple o es objeto de cualquier acción o investigación en virtud de cualquier Sanción aplicable. En cualquiera de estos casos, la Prestataria estará obligada a reembolsar íntegramente todos los importes debidos al Banco –incluyendo principal, intereses (calculados hasta la fecha en que efectivamente tenga lugar el pago), gastos y demás cantidades a que tenga derecho el Banco–.

Supuestos de Amortización Anticipada Obligatoria parcial – seguros y venta de activos

- 5.10 La Prestataria estará obligada a efectuar amortizaciones anticipadas del Préstamo en los siguientes supuestos y por los siguientes importes:
- (i) Si la Prestataria percibe indemnizaciones derivadas de las pólizas de seguros que mantenga en vigor por un importe superior a 100.000 Euros, en la Fecha de Pago de Intereses inmediatamente posterior a la fecha en que se cumpla un (1) mes desde la percepción de tales indemnizaciones, deberá tener lugar una



amortización anticipada del Préstamo por un importe equivalente a la parte de las indemnizaciones que no fueran utilizadas en: (a) la reparación de los activos siniestrados o la sustitución de éstos por otros naturaleza equivalente, aminorar o cubrir la pérdida operativa cubierta por el seguro, o (b) satisfacer la responsabilidad a la que el seguro prestase cobertura.

- (ii) Si la Prestataria realiza una enajenación de activos fijos que estuviese permitida de conformidad con este Contrato, y siempre que el precio recibido, menos los gastos e impuestos incurridos, como contraprestación del activo enajenado sea por un importe superior a 100.000 Euros, en la Fecha de Pago de Intereses inmediatamente posterior a la recepción del precio correspondiente a dicha enajenación deberá tener lugar una amortización anticipada del Préstamo por un importe equivalente al precio percibido en virtud de dicha enajenación (excluyendo los importes correspondientes a impuestos directos o indirectos y los gastos incurridos para la venta). Lo anterior no será de aplicación en el supuesto de que, dentro de los ciento ochenta (180) días siguientes a la enajenación, el precio recibido se utilice para reemplazar los activos enajenados por activos fijos (o mejoras en ellos) de uso y/o naturaleza similar.

Supuestos de Amortización Anticipada Obligatoria parcial – liberación total o parcial del Depósito Indisponible

- 5.11 En caso de (i) reducción del Depósito Indisponible de conformidad con lo previsto en la cláusula 3.2, o (ii) liberación total del Depósito Indisponible según lo previsto en la cláusula 3.3; la Prestataria deberá destinar el importe efectivamente liberado a la amortización anticipada obligatoria del Préstamo en la Fecha de Pago de Intereses inmediatamente posterior a liberación de los fondos correspondientes y a tal efecto se permitirá la disposición del Depósito Indisponible.

Dotación de la CRSD y barrido de caja (“cash sweep”)

- 5.12 Las Partes acuerdan un sistema de dotación obligatoria de la CRSD y de barrido de caja (“cash sweep”) en relación con el Flujo de Caja Excedentario, con efectos desde el ejercicio económico que comienza en 2016, y que aplicará de conformidad con los siguientes términos:
- (i) En primer lugar, el Flujo de Caja Excedentario será destinado a la dotación de la CRSD por un importe máximo anual equivalente a 1.000.000 Euros (el “Importe Máximo Anual”). Esta dotación aplicará obligatoriamente cada año una vez comience 2016 y hasta la Fecha de Vencimiento Final, hasta que la CRSD quede dotada en un importe total y conjunto de 5.000.000 Euros. En caso



de que en un ejercicio económico no haya Flujo de Caja Excedentario suficiente para dotar la CRSD en un importe equivalente al Importe Máximo Anual, el déficit deberá ser cubierto con cargo al Flujo de Caja Excedentario de los ejercicios siguientes hasta su completa dotación, como una mayor obligación de dotación.

- (ii) En segundo lugar, una vez quede dotada la CRSD hasta el Importe Máximo Anual –o hasta el Importe Máximo Anual incrementado en la cantidad que resulte necesaria para cubrir déficits de dotación de ejercicios pasados, de conformidad con lo previsto anteriormente–, el remanente de Flujo de Caja Excedentario que quede post-dotación de la CRSD (el “**Remanente de Flujo de Caja Excedentario**”) será destinado a amortización anticipada obligatoria parcial del Préstamo en los siguientes importes y de acuerdo con los siguientes parámetros:

- (a) En relación con el ejercicio económico 2016:

- (I) En caso de que el EBITDA referido al ejercicio 2016 sea igual o mayor que 10.000.000 Euros, aplicará un cero por ciento (0%) de barrido de caja.
- (II) En caso de que el EBITDA sea igual o mayor que 8.000.000 Euros pero menor que 10.000.000 Euros, el cincuenta por ciento (50%) del Remanente de Flujo de Caja Excedentario deberá destinarse a amortización anticipada obligatoria (“*cash sweep*”).
- (III) En caso de que el EBITDA sea menor que 8.000.000 Euros, el cien por cien (100%) del Remanente de Flujo de Caja Excedentario deberá destinarse a amortización anticipada obligatoria (“*cash sweep*”).

- (b) En relación con los ejercicios económicos comprendidos entre 2017 y 2019 (incluidos):

- (I) En caso de que el EBITDA referido a cualquiera de dichos ejercicios sea igual o mayor que 12.000.000 Euros, aplicará un cero por ciento (0%) de barrido de caja.
- (II) En caso de que el EBITDA sea igual o mayor que 10.000.000 Euros pero menor de 12.000.000 Euros, el cincuenta por ciento (50%) del



Remanente de Flujo de Caja Excedentario deberá destinarse a amortización anticipada obligatoria ("*cash sweep*").

- (III) En caso de que el EBITDA sea menor que 10.000.000 Euros, el cien por cien (100%) del Remanente de Flujo de Caja Excedentario deberá destinarse a amortización anticipada obligatoria ("*cash sweep*").
- (iii) El Flujo de Caja Excedentario se calculará por primera vez por el auditor de la Prestataria en relación con el ejercicio 2016, lo cual se calculará antes del 30 de mayo de 2017: (a) con referencia a las cuentas anuales auditadas (incluyendo el balance, la cuenta de pérdidas y ganancias, un estado que refleje los cambios en el patrimonio neto del ejercicio y la memoria, y, en su caso, un estado de flujos de efectivo correspondientes a dicho ejercicio finalizado); y (b) con base en el Certificado de Cumplimiento que emita el auditor. Hecho lo anterior, en caso de resultar aplicable, la Prestataria procederá a la dotación de la CRSD y al barrido de caja ("*cash sweep*") a la finalización del Período de Intereses inmediatamente posterior al 30 de mayo de 2017. En relación con los ejercicios siguientes se seguirá el mismo procedimiento de conformidad con las fechas y plazos correspondientes en cuanto a cálculo y posterior dotación y amortización (si procede).
- (iv) A los efectos previstos en este Contrato en general y en esta cláusula en particular, aplicarán las siguientes definiciones medidas a nivel del Grupo:
 - (a) Se entiende por "**Flujo de Caja Excedentario**" la magnitud resultante, para cada uno de los ejercicios sociales, de deducir el Servicio de la Deuda anual del Flujo de Caja Generado.
 - (b) Se entiende por "**Servicio de la Deuda**" la suma de los importes pagados o debidos en concepto de principal, intereses, comisiones, costes, gastos por cualquiera de las deudas u obligaciones incluidas en la definición de Deuda Financiera Total, las liquidaciones netas realizadas de las operaciones bajo el CMOF y las amortizaciones anticipada voluntarias u obligatorias (pero excluyendo el barrido de caja ("*cash sweep*") y las dotaciones de la CRSD).
 - (c) Se entiende por "**Deuda Financiera Total**" el endeudamiento financiero a largo y a corto plazo con coste, bien sea con entidades financieras o con otros terceros (incluyendo, sin limitación, créditos, leasings que conforme a principios de contabilidad generalmente aceptados en España tengan la



consideración de financieros o de capital, y descuentos de documento con recurso), pero excluyendo en todo caso la deuda intra-grupo por estar subordinada de acuerdo con lo aquí dispuesto (y salvo por la posibilidad de pagarlos por las Distribuciones aquí permitidas) desde una perspectiva estructural y temporal.

- (d) Se entiende por "**Flujo de Caja Generado**" la magnitud resultante, para cada uno de los ejercicios sociales durante la vigencia del presente Contrato conforme a lo siguiente:
- (I) EBITDA;
 - (II) (más/menos) variaciones del capital circulante del período;
 - (III) (menos) impuestos sobre sociedades y otros impuestos del período, incluidas las deducciones y retenciones;
 - (IV) (más) ingresos financieros cobrados en el período;
 - (V) (menos) inversiones pagadas;
 - (VI) (más) importes obtenidos por la enajenación de elementos de inmovilizado durante el período;
 - (VII) (más) incremento de endeudamiento bancario dentro del límite de endeudamiento adicional permitido bajo el Contrato (en caso de estarlo) o cualquier otro importe futuro previamente autorizado por el Banco;
 - (VIII) (más) el incremento neto en tesorería que provenga de cualquier otro ingreso de carácter ordinario o extraordinario no computado en el EBITDA obtenido en el período;
 - (IX) (menos) la reducción neta en tesorería que provenga de cualquier otro gasto de carácter ordinario o extraordinario soportado durante el período no comprometido en el EBITDA;
 - (X) (más/menos) variaciones de fondos propios generadas por movimiento de tesorería;



(XI) (más/menos) la posible variación de la Caja Mínima de Seguridad, entendiéndose por tal concepto:

Ámbito temporal / Ejercicio	Caja Mínima de Seguridad
Fecha de firma del presente Contrato	1.000.000 Euros
2016	1.500.000 Euros
2017	2.000.000 Euros
2018	2.500.000 Euros
2019	2.500.000 Euros

Para los cálculos siempre se calculará un Flujo de Caja Generado por periodos de doce (12) meses.

En ningún caso el cálculo del Flujo de Caja Generado implicará que un importe correspondiente a un mismo concepto sea considerado por duplicado a efectos de determinar esta magnitud.

(e) Se entiende por “EBITDA” en una fecha dada y por referencia al período de doce (12) meses que finalice en dicha fecha, el beneficio/pérdida antes de intereses, impuestos, amortizaciones y provisiones y cualquier otra partida extraordinaria.

Reglas comunes a los Supuestos de Amortización Anticipada Obligatoria

- 5.13 Las cantidades amortizadas anticipadamente de conformidad con lo previsto en la presente Cláusula 5 se imputarán: (i) en primer lugar, a la amortización del Tramo B; y (ii) una vez se amortice íntegramente el Tramo B, a las cuotas de amortización del Tramo A pendientes de reembolso en orden cronológico inverso, comenzando por las cuotas más lejanas en el tiempo.
- 5.14 Las cantidades que deban ser destinadas a amortización anticipada obligatoria serán depositadas en la Cuenta Central Indisponible y permanecerán pignoradas en la misma hasta el momento de su aplicación de acuerdo con lo previsto en esta cláusula, que tendrá lugar automáticamente en la Fecha de Pago de Intereses inmediatamente posterior.



Amortización Anticipada Voluntaria

- 6.1 La Prestataria podrá realizar amortizaciones anticipadas parciales o totales del Préstamo, en los términos previstos en esta cláusula y siempre y cuando cumpla con todos los requisitos cumulativos enumerados a continuación:
- (i) Que la amortización coincida con una Fecha de Pago de Intereses. En caso de no ser así, se producirán Costes de Ruptura que deberá soportar la Prestataria.
 - (ii) Que el importe mínimo de las amortizaciones anticipadas voluntarias sea de 500.000 Euros o, en caso de importes superiores, múltiplos de 250.000 Euros.
 - (iii) Que la intención de efectuar una amortización anticipada se comunique por la Prestataria al Banco por escrito, con una antelación mínima de cinco (5) días hábiles a la fecha en que la amortización anticipada pretenda efectuarse.
- 6.2 La comunicación de la cancelación será irrevocable y vinculante para la Prestataria una vez recibida por el Banco. En consecuencia, la ausencia de amortización en los términos comunicados constituirá una Causa de Vencimiento Anticipado.
- 6.3 La Prestataria deberá abonar, conjuntamente con el principal amortizado anticipadamente, los intereses correspondientes al importe amortizado anticipadamente devengados hasta la fecha en que tenga lugar dicha amortización y los Costes de Ruptura que, en su caso, se hubiesen generado al Banco como consecuencia de dicha amortización anticipada.
- 6.4 La amortización anticipada voluntaria no devengará comisión siempre y cuando la misma se realice con fondos provenientes del Socio y/o con fondos provenientes del Socio de Control y/o de otra sociedad de su mismo grupo y/o con fondos generados por el negocio del Grupo (siempre que se haya cumplido con lo establecido en materia de amortizaciones anticipadas obligatorias de conformidad con la Cláusula 5 de este Contrato). En caso contrario, la amortización anticipada devengará una comisión de amortización anticipada voluntaria equivalente al uno por ciento (1%) del importe amortizado anticipadamente con carácter voluntario.
- 6.5 Las cantidades amortizadas anticipadamente de conformidad con lo previsto en la presente Cláusula 6 se imputarán: (i) en primer lugar, a la amortización del Tramo B; y (ii) una vez se amortice íntegramente el Tramo B, a las cuotas de amortización del Tramo A pendientes de reembolso en orden cronológico inverso, comenzando por las cuotas más lejanas en el tiempo.



Devengo y liquidación de intereses. Periodos de Intereses

Devengo, liquidación y pago de intereses

- 7.1 El Préstamo devengará intereses día a día en favor del Banco, hasta la fecha en que resulte totalmente amortizado, calculándose dichos intereses sobre la base de un año de trescientos sesenta (360) días y en función del número de días naturales efectivamente transcurridos.
- 7.2 Los intereses se liquidarán y serán exigibles, sin necesidad de requerimiento, al vencimiento de cada Período de Intereses, el primero de los cuales empieza a computarse desde la fecha de firma del presente Contrato y hasta la Fecha de Vencimiento Final (la "**Fecha de Pago de Intereses**").
- 7.3 La Prestataria satisfará al Banco, dentro de los tres (3) días hábiles inmediatamente siguientes a la recepción de una solicitud a tal efecto, cualesquiera Costes de Ruptura que hubiese sufrido el Banco sobre una cantidad impagada que sea satisfecha en una fecha distinta de aquélla en que finalice un Período de Intereses.

Periodos de Intereses

- 7.4 A los efectos de determinar el tipo de interés aplicable en cada momento al Préstamo, éste y las entregas efectuadas con cargo a sus respectivos tramos se entenderán divididos en sucesivos Periodos de Intereses hasta la Fecha de Vencimiento Final. A efectos del devengo, cálculo, liquidación y pago de intereses, el primer día del Período de Intereses de que se trate se computará como día transcurrido mientras que el último día del mismo Período de Intereses se computará como día no transcurrido.

Duración de los Periodos de Intereses

- 7.5 Los Periodos de Intereses del Préstamo tendrán una duración de seis (6) meses o un (1) año, a elección de la Prestataria. A los efectos del primer Período de Interés, las Partes hacen constar que la Prestataria ha escogido una duración de seis (6) meses (el "**Primer Período de Intereses**").
- 7.6 Las Partes acuerdan que la Prestataria deberá notificar su elección en cuanto a la duración del siguiente Período de Intereses, al menos, quince (15) días hábiles antes de que comience el segundo Período de Intereses, y así sucesivamente en relación con el tercero y los sucesivos. En caso de que la Prestataria no comunique al Banco su elección en el plazo referido en relación con cualquier Período de Intereses se entenderá que dicho Período de Intereses tiene una duración de seis (6) meses.



El primer Período de Intereses en relación con el Préstamo comienza en la presente fecha y el segundo y sucesivos en el último día del Período de Intereses inmediatamente anterior.

8. Tipo de Interés

8.1 El Tipo de Interés Ordinario aplicable durante cada Período de Intereses será el tipo nominal anual resultante de la suma de los siguientes conceptos (el "**Tipo de Interés Ordinario**");

- (i) El EURIBOR. A los efectos previstos en este Contrato, "**EURIBOR**" ("*Euro Interbank Offered Rate*") significa el tipo de referencia del Mercado Monetario del Euro tomado el segundo (2) día hábil anterior al inicio de cada Período de Intereses que resulte de aplicación de la convención vigente en cada momento, bajo el patrocinio de la Federación Bancaria Europea y la "*Financial Markets Association*" (ACI) (en la actualidad la convención señala el tipo de referencia en la pantalla EURIBOR01 de Reuters, a las 11:00 a.m. ("*Central European Time*") para financiaciones con entrega de fondos dos (2) días hábiles posteriores al día de fijación del tipo), para depósitos en Euros de igual plazo que el Período de Intereses de que se trate, incrementado con cualquier impuesto o recargo que grave o pueda gravar en el futuro este tipo de operaciones, más los gastos de corretaje o cualquier otro tipo de gasto que sea aplicable. En caso de que el EURIBOR así determinado fuera negativo, se entenderá que este es igual a cero.
- (ii) El Margen. A los efectos previstos en el presente Contrato, "**Margen**" significa doscientos sesenta puntos básicos (260 pbs).
- (iii) En su caso, los Costes Necesarios. A los efectos previstos en el presente Contrato, "**Costes Necesarios**" significa los costes derivados del cumplimiento de los requisitos que en cada momento pueda imponer el Banco Central Europeo (o, en su caso, el Banco de España) al Banco a los efectos de obtención de financiación o en relación con requisitos de reservas mínimos impuestos por el Banco Central Europeo, salvo que dichos costes estén ya incluidos en el tipo de referencia.

Tipo de Interés Sustitutivo Principal

8.2 En el supuesto de que fuera imposible determinar, por circunstancias de los propios mercados financieros, el Tipo de Interés Ordinario aplicable al Período de Intereses de que se trate, se aplicará para ese Período de Intereses un tipo de interés variable



Sustitutivo principal determinado mediante la suma de (el **"Tipo de Interés Sustitutivo Principal"**):

- (i) EURIBOR Sustitutivo. A los efectos previstos en este Contrato, **"EURIBOR Sustitutivo"** significa el tipo de referencia del Mercado Monetario del Euro para depósitos en Euros de duración inferior al inicialmente elegido por la Prestataria y para el que exista cotización (prefiriéndose el más próximo al inicialmente elegido sobre el más remoto), incrementado con cualquier impuesto o recargo que grave o pueda gravar en el futuro este tipo de operaciones, más los gastos de corretaje o cualquier otro tipo de gasto que sean aplicables. En caso de que el EURIBOR Sustitutivo así determinado fuera negativo, se entenderá que este es igual a cero.
- (ii) El Margen;
- (iii) Los Costes Necesarios.

Tipo de Interés Sustitutivo Subsidiario

- 8.3 En el supuesto de que no fuera posible determinar el EURIBOR Sustitutivo de acuerdo con lo dispuesto anteriormente se aplicará un tipo de interés sustitutivo subsidiario (el **"Tipo de Interés Sustitutivo Subsidiario"** y, conjuntamente con el Tipo de Interés Sustitutivo Principal, los **"Tipos de Interés Sustitutivos"**).
- 8.4 El Tipo de Interés Sustitutivo Subsidiario será igual a la media aritmética de los tipos de interés facilitados por las Entidades de Referencia, exceptuándose la cotización más alta y más baja, el día del inicio del Periodo de Intereses correspondiente para depósitos de un (1) día de duración. En caso de que el Tipo de Interés Sustitutivo Subsidiario así determinado fuera negativo, se entenderá que este es igual a cero. El Tipo de Interés Sustitutivo Subsidiario será incrementado con cualquier impuesto o recargo que grave o pueda gravar en el futuro este tipo de operaciones, más los gastos de corretaje o cualquier otro tipo de gasto que sean aplicables, todo ello más el Margen y los Costes Necesarios. El tipo así determinado se aplicará el mismo día de su determinación.
- 8.5 A efectos de este Contrato, **"Entidades de Referencia"** significa las oficinas principales en Madrid de Deutsche Bank, BNP Paribas y Société Générale o cualesquiera otros bancos que puedan ser designados por el Banco tras consultar con la Prestataria.



En caso de que alguna de las citadas entidades se fusionara con alguna entidad de crédito o fuera absorbida por otra, le sustituirá, a los efectos previstos en este Contrato, la nueva entidad resultante o la absorbente. En el supuesto de que se produjese la escisión de alguna de las Entidades de Referencia, todas las entidades resultantes de la escisión que continúen siendo entidades de crédito se considerarán Entidades de Referencia.

Aplicación de los Tipos de Interés Sustitutivos

- 8.7 En caso de aplicación de Tipos de Interés Sustitutivos se practicarán tantas liquidaciones como Tipos de Interés Sustitutivos se hubiesen utilizado, cada una por el número de días de aplicación del tipo respectivo, habiendo de ser satisfechos por la Prestataria al final de la duración del correspondiente Período de Intereses.
- 8.8 La aplicación de los Tipos de Interés Sustitutivos cesará en el momento en el que desaparezcan las circunstancias excepcionales que hubiesen dado lugar a su aplicación. En este caso, se volverá a la aplicación del Tipo de Interés Ordinario tan pronto como las circunstancias del mercado lo permitan, previa notificación inmediata del Banco.
- 8.9 Para volver a la aplicación del Tipo de Interés Ordinario, tres (3) días hábiles antes del vencimiento del Período de Intereses entonces vigente en que se hubiera aplicado el Tipo de Interés Sustitutivo Principal, se reiniciará el procedimiento para la determinación del Tipo de Interés Ordinario. En el supuesto de que se hubiese aplicado el Tipo de Interés Sustitutivo Subsidiario y, por tanto, el Período de Interés entonces vigente fuese de un (1) día o bien coincidiera la restitución del Tipo de Interés Ordinario con uno de los tres (3) últimos días hábiles de un Período de Interés de aplicación del Tipo de Interés Sustitutivo Principal, la Prestataria decidirá el nuevo Período de Interés el mismo día de la notificación por parte del Banco.

Comunicación del Tipo de Interés

- 8.10 El Tipo de Interés Ordinario y los Tipos de Interés Sustitutivos que pudieran corresponder (cualquiera de ellos, un "**Tipo de Interés**") se comunicarán por parte del Banco a la Prestataria el mismo día de su determinación.
- 8.11 La Prestataria hace constar que es su voluntad que la determinación del Tipo de Interés aplicable, en su caso, a cada Período de Intereses, se realice y se le comunique en la forma prevista en este Contrato, con el fin de que dicho Tipo de Interés sea el más ajustado posible a las condiciones del mercado en cada momento.



Los procedimientos de determinación del Tipo de Interés previstos en este Contrato tienen una naturaleza plenamente objetiva. En consecuencia, la Prestataria únicamente podrá rechazar un Tipo de Interés comunicado por el Banco si el rechazo estuviera basado en un error manifiesto en el cálculo por parte del Banco. En todo caso, dicho rechazo deberá producirse mediante comunicación escrita al Banco dentro de los cinco (5) días hábiles siguientes a aquél en que hubiera recibido la comunicación del mismo, en cuyo caso, recibida la notificación de rechazo, el Banco subsanará inmediatamente dicho error y reiniciará el procedimiento de comunicación del tipo de interés aplicable.

- 8.13 A los efectos de este Contrato, servirá como prueba fehaciente para acreditar el EURIBOR aplicable en cada momento la impresión que el Banco realice de la correspondiente pantalla a la hora establecida o, según sea el caso, la comunicación recibida por el Banco de las Entidades de Referencia, sin ningún requisito adicional.

9. Intereses de Demora

- 9.1 La falta de pago de cualquier concepto en la fecha establecida constituye Causa de Vencimiento Anticipado (salvo que dicha falta de pago haya sido subsanada de conformidad con lo dispuesto en la Cláusula 21.4 del presente Contrato). Sin perjuicio de lo anterior, si cualquiera de los pagos a realizar por la Prestataria en concepto de principal, intereses, comisiones, tributos, gastos o costes no se efectuara en la fecha establecida en este Contrato, así como en el caso de que vencida anticipadamente la financiación la Prestataria no reintegrara los importes adeudados más sus intereses y cualquier otro concepto que proceda, cualesquiera cantidades pendientes de pago se considerarán capitalizadas a interés simple y producirán desde el día siguiente a su vencimiento en favor del Banco y sin necesidad de previa reclamación, un interés de demora equivalente al Tipo de Interés incrementado en tres (3) puntos porcentuales (el "**Tipo de Interés de Demora**").
- 9.2 El Tipo de Interés de Demora se devengará diariamente y se liquidará el día de pago por la Prestataria, sobre la base de un año de trescientos sesenta (360) días naturales.
- 9.3 Los intereses de demora vencidos y no pagados se capitalizarán quincenalmente (una vez liquidados) y devengarán, a su vez, nuevos réditos al Tipo de Interés de Demora que corresponda aplicar de acuerdo con lo previsto en el apartado anterior.

10. Ruptura de Mercado

- 10.1 La Prestataria reconoce y acepta que el otorgamiento y conservación de este Contrato por parte del Banco depende del correcto funcionamiento del mercado interbancario



Europeo y de los mercados financieros nacionales e internacionales, en los cuales el Banco puede obtener fondos contratando determinadas operaciones de pasivo, por los plazos correspondientes a los Periodos de Intereses y por los importes correspondientes al Préstamo.

- 10.2 En el caso de que exista un supuesto de Ruptura de Mercado, el tipo de interés aplicable para el Periodo de Intereses correspondiente será el resultado de agregar al tipo de interés que represente el coste efectivo para el Banco de tomar fondos durante el plazo correspondiente más: (i) el Margen; (ii) los Costes Necesarios; y (iii) todos los importes, gastos e impuestos satisfechos por el Banco para la obtención de estos fondos en el Mercado Monetario del Euro (el **"Interés de Ruptura de Mercado"**).
- 10.3 A los efectos previstos en este Contrato, **"Ruptura de Mercado"** significa el supuesto que acontezca si desde la fecha de la firma de los Documentos de la Financiación se dieran circunstancias que afecten de forma general al mercado interbancario europeo y/o a los mercados financieros nacionales o internacionales por las que: (i) no fuera posible para el Banco obtener fondos por importe suficiente para que el Banco pudiera poner a disposición de la Prestataria los fondos relativos a el Préstamo o renovar los depósitos necesarios para continuar fondeando los importes puestos a disposición de la Prestataria o (ii) el importe de los costes a asumir por el Banco en la obtención de los fondos relativos a el Préstamo estuviera por encima del importe correspondiente a EURIBOR, al EURIBOR Sustitutivo o a cualquier otro Tipo de Interés regulado en este Contrato más el Margen y los Costes Necesarios para un determinado Periodo de Intereses; (iii) no sea posible disponer de un Tipo de Interés.
- 10.4 Si las circunstancias que determinaron la existencia de la Ruptura de Mercado se prolongasen durante un período superior a un (1) mes natural, la Prestataria y el Banco negociarán de buena fe las posibles alternativas a adoptar para hacer posible la continuación del Préstamo. En el supuesto de que la negociación no derivara en alguna solución alternativa en el plazo de treinta (30) días naturales desde que se hubiera iniciado la situación de Ruptura de Mercado (el **"Periodo de Negociación de Ruptura de Mercado"**), o si así lo acordaran las Partes, se entenderá que concurre un Supuesto de Amortización Obligatoria. La Prestataria deberá abonar el Interés de Ruptura de Mercado durante el Periodo de Negociación de Ruptura de Mercado.
- 10.5 La Prestataria podrá optar, durante el Periodo de Negociación de Ruptura de Mercado, por las siguientes alternativas (debiendo abonar la Prestataria el Interés de Ruptura de Mercado que se devengue durante el tiempo en que se mantenga la Ruptura de Mercado, incluido el Periodo de Negociación de Ruptura de Mercado):



Amortizar anticipadamente el Préstamo, comunicándoselo al Banco con al menos diez (10) días hábiles de antelación, indicando la fecha de la amortización anticipada. En este supuesto, la Prestataria deberá reembolsar los Costes de Ruptura generados en caso de que dicha amortización no coincida con el vencimiento de un Periodo de Intereses.

- (ii) Ofrecer al Banco que ceda su posición contractual en este Contrato (sin pérdida o descuento para el Banco y en términos que éste razonadamente considere aceptables) a otra u otras entidades designadas por la Prestataria en el plazo máximo de treinta (30) días y sin coste alguno para el Banco.

11. Comisiones

Comisión de Estructuración

Redacted:
Lender
Commission
Fee

- 11.1 La Prestataria deberá abonar al Banco, el 4 de enero de 2016, una comisión de apertura equivalente al [REDACTED] (la "Comisión de Estructuración").

12. Pagos netos

- 12.1 Todos los pagos a efectuar por la Prestataria de acuerdo con este Contrato, ya sean por principal, intereses, comisiones, tributos, costes, gastos o por cualquier otro concepto, se entenderán netos y sin deducción o retención alguna por cualquier concepto o título. En caso de que una deducción o retención sea requerida por las leyes aplicables, la Prestataria deberá:
- (i) Cerciorarse de que la deducción o retención no excede del importe mínimo legalmente requerido.
 - (ii) Pagar de inmediato al Banco el importe adicional que sea necesario para asegurar que la cantidad neta recibida por el Banco sea igual al importe total que habría recibido de no haberse producido la deducción o retención que deba efectuar la Prestataria.
 - (iii) Pagar a las autoridades fiscales u otras autoridades competentes en el plazo de pago habilitado por las leyes aplicables, el importe íntegro de la deducción o retención (incluido, sin perjuicio de lo antedicho, el importe total de cualquier deducción o retención de la cantidad adicional que fuera necesario pagar para obtener el resultado perseguido por el presente apartado).



Entregar al Banco, en el plazo hábil determinado por las leyes pertinentes: (a) el documento original o copia certificada de la carta de pago oficial expedida por las autoridades fiscales competentes, respecto de todos los importes deducidos o retenidos; o (b) si las autoridades fiscales competentes no emitieran cartas de pago respecto de pagos hechos por importes deducidos o retenidos, un certificado o prueba equivalente del destino de la deducción o retención en cuestión.

- 12.2 El Banco asume, en caso de ser necesario, como único y exclusivo deber de mitigación frente a la Prestataria, el compromiso de entregar a la Prestataria un certificado acreditando su residencia fiscal y renovar el mismo dentro de los plazos establecidos en la legislación vigente.

13. Tributos, costes y gastos

- 13.1 Además de las obligaciones incurridas en virtud de este Contrato de pagar el principal, los intereses, las comisiones y los intereses de demora, la Prestataria asume la obligación de pagar (dentro de los tres (3) días hábiles inmediatamente siguientes a la recepción de un requerimiento por el Banco a tal efecto) cualesquiera otros gastos, tributos, tasas, arbitrios, cargas, honorarios y demás conceptos, actuales y futuros, que se originen o devenguen como consecuencia de la formalización, constitución, celebración y ejecución de los Documentos de la Financiación y sus modificaciones y cancelación, así como todas las garantías de cualquier tipo que se constituyan en relación con los mismos (con independencia del momento en que se otorguen), incluyendo entre lo anterior, con carácter meramente enunciativo, los siguientes:

- (i) El importe razonable de los honorarios, corretajes y suplidos de los asesores y fedatarios públicos (junto con el Impuesto sobre el Valor Añadido) que intervengan, en su caso, en la formalización de los Documentos de la Financiación y en los trámites obligatorios y necesarios para su cumplimiento, incluyendo en su caso la formalización de garantías adicionales o la modificación o ampliación de las existentes.
- (ii) Los gastos y costas judiciales y extrajudiciales, incluyendo el importe razonable de los honorarios y derechos de notarios, letrados y procuradores en que incurra el Banco como consecuencia de la formalización, constitución, celebración y ejecución de los Documentos de la Financiación.
- (iii) Los impuestos, tasas y contribuciones de cualquier clase, presentes y futuros, que se produzcan como consecuencia de la formalización, inscripción, registro, aplicación, ejecución, cumplimiento y extinción de los Documentos de la



financiación serán a cargo de la Prestataria de acuerdo con lo anteriormente establecido, obligándose la Prestataria a indemnizar al Banco en relación con cualesquiera responsabilidades, gastos o reclamaciones que puedan derivarse en caso de incumplimiento o retraso en el cumplimiento por la Prestataria de dichas obligaciones.

14. Incremento de costes

- 14.1 La Prestataria se compromete expresamente a mantener con el Banco la equivalencia de las prestaciones existentes en el momento de celebrarse este Contrato. En consecuencia, si la aprobación o la modificación (incluyendo cambios interpretativos) de cualquier norma con posterioridad a la celebración de este Contrato impusiera exigencias o limitaciones al Banco que provoquen un incremento en los costes o una reducción de ingresos (sin carácter limitativo, entre otros, coeficientes, reservas o depósitos necesarios, la imposición de ratios, medidas micro prudenciales o macro prudenciales, reservas o limitaciones sobre intereses, incremento de costes derivados del cumplimiento de los mínimos de Basilea III y CRD IV) para el Banco, la Prestataria se compromete a compensar al Banco por el incremento de costes o la reducción de ingresos, hasta que se restablezca la equivalencia entre las obligaciones y contraprestaciones existentes en el momento de la firma de este Contrato siempre que el Banco acredite documentalmente haber incurrido en el referido incremento de costes o reducción de ingresos y no haber incluido ya esos mayores costes o menores ingresos en la determinación del Tipo de Interés Ordinario, y ello sea atribuible a la asunción por parte del Banco de sus obligaciones bajo el Préstamo o al hecho de que haya aportado los fondos correspondientes o cumplido con sus obligaciones bajo el Préstamo.
- 14.2 Las compensaciones por incremento de costes o reducción de ingresos previstas en esta cláusula se realizarán por parte de la Prestataria mediante el pago de sumas adicionales con base en la liquidación justificada y razonada que el Banco le presente, coincidiendo con una Fecha de Pago de Intereses, y que habrá de determinar detalladamente los citados mayores costes o menores ingresos.
- 14.3 El Banco realizará las actuaciones que razonablemente sean necesarias para mitigar, en la medida de lo posible, este incremento de costes o reducción de ingresos y consultará de buena fe a la Prestataria con el objeto de mitigar los efectos arriba indicados, sin que ello suponga en ningún caso renuncia a ninguno de los derechos del Banco. Entre dichas acciones de mitigación, a solicitud de la Prestataria, el Banco realizará sus mejores esfuerzos (siempre que resulten comercialmente aceptables y ello no suponga vulneración de la legislación aplicable y siempre que la Prestataria mantenga al Banco indemne respecto de los tributos, costes y gastos en que incurra al



implementar las acciones de mitigación), para ceder su posición a una entidad no afectada por el supuesto de incremento de costes siempre que sea una cesión a la par y sin descuento alguno.

- 14.4 La Prestataria mantendrá indemne al Banco de todos los costes y gastos razonablemente incurridos en la adopción de las medidas de mitigación previstas en el apartado anterior.
- 14.5 El Banco no estará obligado a adoptar ninguna medida de mitigación de conformidad con el apartado anterior si, en la opinión razonada y justificada del Banco, la adopción de tales medidas pudiera ocasionar un perjuicio grave para el mismo y salvo que la Prestataria acepte indemnizarle por ello.
- 14.6 En todo caso, y sin que resulte aplicable el régimen de mitigación previsto anteriormente, la Prestataria mantendrá al Banco (dentro de los tres (3) días hábiles inmediatamente siguientes a la recepción de un requerimiento por el Banco a tal efecto) indemne de cualquier coste, pérdida o daño sufrido como consecuencia de:
 - (i) La investigación o análisis de cualquier hecho o circunstancia que, razonablemente y en su opinión, pudiera constituir una Causa de Vencimiento Anticipado.
 - (ii) La asunción de nuevas obligaciones por parte del Banco en virtud de los Documentos de la Financiación (incluyendo, sin carácter limitativo, funciones de entidad depositaria de los activos pignorados) o la ejecución de cualquiera de las Garantías.
 - (iii) El ejercicio de los derechos y facultades conferidos a favor del Banco en virtud de los Documentos de la Financiación o de la normativa aplicable, asociados a la ejecución judicial de los Documentos de la Financiación.
 - (iv) El incumplimiento por la Prestataria de cualquier obligación recogida en los Documentos de la Financiación.

15. Manifestaciones y Garantías

Manifestaciones y Garantías de la Prestataria

- 15.1 La Prestataria reconoce y acepta que el Banco ha accedido a la concesión el Préstamo inducido por las siguientes manifestaciones, declaraciones y garantías que la Prestataria realiza en este acto, las cuales el Banco considera esenciales. En este



sentido, la Prestataria declara y garantiza, respecto de sí misma y respecto de cada una de las sociedades del Grupo, que (las "Manifestaciones y Garantías"):

(i) Estado legal y capacidad

Es una sociedad válidamente constituida y existente conforme a la legislación española, con plena capacidad jurídica y de obrar.

(ii) Obligaciones vinculantes

Todas las obligaciones asumidas en virtud de los Documentos de la Financiación o en cumplimiento de los mismos, son legales, válidas, vinculantes y exigibles en sus propios términos.

(iii) Inexistencia de conflictos con otras obligaciones

El otorgamiento y cumplimiento de los Documentos de la Financiación y demás contratos, acuerdos y documentos relacionados con éstos no contraviene:

- (a) Ninguna disposición o resolución (administrativa o judicial) que le sea de aplicación;
- (b) Su escritura de constitución, estatutos sociales u otros acuerdos societarios; o
- (c) Cualquier contrato, acuerdo, obligación o instrumento vinculante para sí misma o para sus activos.

El otorgamiento de los Documentos de la Financiación, con las obligaciones y derechos que de éstos se derivan, no tiene como consecuencia la obligatoria constitución por la Prestataria de gravámenes y/o el otorgamiento de garantías a favor de terceros sobre todos o parte de sus activos o ingresos, presentes o futuros.

(iv) Legitimación

Tiene legitimación para otorgar los Documentos de la Financiación y para ejercitar sus derechos y cumplir con sus obligaciones bajo los mismos. Asimismo, las personas que otorgan los Documentos de la Financiación en su nombre y representación están debidamente facultadas.



Exprobaciones societarias

Todas las actuaciones de índole societaria requeridas para el otorgamiento de los Documentos de la Financiación y para el cumplimiento de los mismos se han realizado debidamente.

(vi) Autorizaciones

Se han cumplido, realizado u obtenido –y siguen en vigor a fecha de firma de este Contrato– todas las autorizaciones que deben ser cumplidas, realizadas u obtenidas con el fin de:

- (a) Permitir la celebración lícita de los Documentos de la Financiación y demás documentos relacionados con éstos, así como el ejercicio de los derechos y el cumplimiento de las obligaciones asumidas en virtud de los mismos; y
- (b) Asegurar que las obligaciones asumidas en los Documentos de la Financiación y en los demás documentos relacionados con éstos son legales, válidas, vinculantes y exigibles.

(vii) Registros y tributos

Los Documentos de la Financiación y los documentos relacionados con éstos y las operaciones previstas en los mismos son plenamente eficaces, vinculantes y oponibles frente a terceros sin que sea necesario:

- (a) Su inscripción en registros públicos, juzgados u otros organismos;
- (b) La satisfacción de cantidad alguna en concepto de tributos;
- (c) El abono de tasas de registro o similares.

(viii) Ausencia de Causas de Vencimiento Anticipado

- (a) No ha acaecido una Causa de Vencimiento Anticipado que no haya sido subsanada, ni existen indicios razonables de que próximamente pueda producirse una Causa de Vencimiento Anticipado.
- (b) No ha acaecido ningún hecho o circunstancia que constituya un incumplimiento de otros contratos o instrumentos vinculantes por parte de



la Prestataria que sean relevantes y cuya terminación pudiera causar un Cambio Sustancial Adverso.

- (c) No ha acaecido ningún hecho o circunstancia que faculte a las contrapartes de la Prestataria a solicitar el otorgamiento de garantías adicionales en su favor.

(ix) Veracidad de la información suministrada

- (a) Toda la información suministrada es, a su leal saber y entender y habiendo desplegado la debida diligencia y buena fe, fiel, cierta, completa y exacta, incluidos, sin carácter limitativo, la documentación relativa a la adquisición de las Sociedades.
- (b) Las proyecciones financieras y el caso base asociado a la operación de la financiación se han preparado con base en la información histórica más reciente y sobre la base de asunciones razonables (para evitar dudas, la Prestataria no garantiza el cumplimiento de las citadas proyecciones).
- (c) Al leal saber y entender de la Prestataria no ha acaecido ninguna circunstancia o, en su caso, la misma no ha sido omitida, y no se ha proporcionado o retenido ninguna información que pudiera ocasionar que la información proporcionada sea incorrecta o inexacta en algún aspecto sustancial.

(x) Estados Financieros

- (a) Los Estados Financieros han sido preparados de conformidad con los principios contables generalmente aceptados en España.
- (b) Los Estados Financieros ofrecen una imagen fiel y veraz de la situación financiera y patrimonial en la fecha de elaboración de los mismos.
- (c) No ha tenido lugar ningún evento que haya ocasionado un Cambio Sustancial Adverso en el negocio o la situación financiera o patrimonial desde la fecha en que fueron aprobados los Estados Financieros; sin perjuicio de lo anterior, la Prestataria declara que antes del 31 de diciembre de 2015-, se ha devuelto o se procederá a la devolución al Socio o a otra sociedad de su grupo de un importe máximo de 1.000.000 Euros en concepto de reservas de la Prestataria o reducción de capital –lo cual exigirá una liberación parcial y ratificación de la prenda sobre las



participaciones sociales de la Prestataria constituida en virtud del Contrato de Garantías (a lo que se compromete el Banco siempre que medie preaviso de al menos 5 días hábiles y la reducción de capital se efectúe a su satisfacción) y de un importe adicional en concepto de pago de los intereses devengados hasta el 15 de diciembre de 2015 bajo la Deuda Intra-Grupo Existente (que asciende a 1.194.699,74 Euros), adicionalmente a la transferencia de los Fondos Liberados de conformidad con la Estipulación 19.7 posterior, todo ello siempre una vez dotada a fecha de firma del Contrato la Caja Mínima de Seguridad prevista en la Cláusula 5.5 de este Contrato.

(xi) Rango pari passu

Sus obligaciones de pago bajo los Documentos de la Financiación están por lo menos en igualdad de rango respecto de los créditos de cualesquiera otros acreedores no privilegiados ni subordinados, salvo por aquellos acreedores cuyos créditos gocen de cualquier privilegio únicamente por razón de cualquier norma de aplicación general en materia concursal o similar, en materia de insolvencia, liquidación, privilegio legal o en virtud de otras normas de aplicación general (incluyendo sin limitación alguna aquellos acreedores cuyos créditos (i) gocen de algún privilegio de conformidad con cualquier normativa española en materia fiscal o de seguridad social, o (ii) gocen de cualquier otro privilegio aplicable legalmente reconocido).

(xii) Ausencia de litigios

No se ha iniciado, ni existen indicios razonables de que vayan a iniciarse en un futuro próximo, contra la Prestataria o las sociedades del Grupo, o sus administradores o directivos de ningún litigio de cualquier naturaleza (incluido, sin carácter limitativo, de naturaleza laboral), procedimiento arbitral, medida administrativa u otro procedimiento (incluido, sin carácter limitativo, de naturaleza laboral) cuyo resultado pueda derivar en un Cambio Sustancial Adverso.

(xiii) Tributos

Ha satisfecho debidamente todos los tributos sobre su actividad o sus activos dentro del período de pago permitido a tal efecto y sin incurrir en penalizaciones. No se han producido reclamaciones de índole tributaria contra la Prestataria o las sociedades del Grupo cuyo resultado pueda derivar en un Cambio Sustancial Adverso.



(xiv) Inmunidad

No tiene derecho a reclamar para sí o sus activos inmunidad de ningún tipo en cuanto a su ejecución, embargo u otros procedimientos legales análogos.

(xv) Inexistencia de garantías y gravámenes

No existen garantías reales o personales otorgadas por la Prestataria a favor de terceros, distintas a las Garantías otorgadas en virtud del Contrato de Garantías.

(xvi) Rango y prelación de las Garantías

Las Garantías otorgadas en virtud del Contrato de Garantías son de primer rango y no comparten rango con ninguna otra garantía constituida a favor de terceros distintos del Banco.

(xvii) Documentos de Garantía

Cada una de las Garantías crea un gravamen válido y eficaz de conformidad con sus propios términos.

(xviii) Titularidad de activos

Goza de un derecho legítimo (ya sea en calidad de propietaria, licenciataria o arrendataria) sobre los activos necesarios para realizar las actividades mercantiles que desarrolla en la actualidad y está en posesión de todas las autorizaciones administrativas y de cualquier otra índole que se requieren a tal efecto. Asimismo, la Prestataria y/o el Socio son, respectivamente, los legítimos titulares de los activos objeto de las Garantías.

(xix) Estructura societaria, control y centro de intereses

- (a) La Prestataria está íntegramente participada por el Socio.
- (b) La Prestataria tiene su "*centro de intereses principales*" en España y no tiene ningún "*establecimiento*" fuera de España (tal y como cada uno de estos términos entrecomillados se define en el Reglamento (CE) N° 1346/2000 del Consejo, de 29 de mayo de 2000, sobre procedimientos de insolvencia).



Cumplimiento de normativa

Cumple con la normativa civil, mercantil, administrativa, medioambiental, propiedad intelectual, fiscal, laboral o de cualquier índole que resulte aplicable y se halla al corriente en el pago de sus obligaciones sociales, mercantiles, civiles, laborales y tributarias.

(xxi) Licencias

- (a) Es titular y mantiene vigentes todas las autorizaciones, licencias y patentes y derechos de propiedad intelectual e industrial requeridas para el desarrollo de su actividad empresarial, tal y como la misma se ha realizado hasta el día de hoy, y no se ha producido ningún incumplimiento relevante de los términos y condiciones que las rigen.
- (b) No ha recibido notificación alguna relativa a la modificación o variación de las condiciones de cualquiera de sus autorizaciones vigentes que fuera susceptible de derivar en un Cambio Sustancial Adverso.
- (c) No ha recibido notificación alguna de las autoridades competentes en la que se ponga de manifiesto la ausencia de autorizaciones necesarias para el desarrollo de su actividad empresarial, tal y como la misma se ha realizado hasta el día de hoy, o se inste a su solicitud y obtención.
- (d) No tiene conocimiento ni existe razón para creer que puedan ser revocadas, anuladas o canceladas las autorizaciones necesarias para el desarrollo de su actividad empresarial, tal y como la misma se ha realizado hasta el día de hoy.

(xxii) Propiedad Intelectual

La Prestataria no tiene conocimiento de que exista ningún hecho que pudiera afectar negativamente a su titularidad o al uso de la Propiedad Intelectual por la Prestataria y/o por parte de las sociedades del Grupo tal y como los han ostentado y utilizado hasta el día de hoy.

(xxiii) Seguros

- (a) Mantiene en vigor las pólizas de seguro adjuntas como anexo en el Contrato de Garantías, por los importes, períodos de cobertura y siniestros asegurados que expresamente se prevé en las mismas. Las referidas



pólizas de seguro están contratadas con compañías de seguro de reconocido prestigio y solvencia.

- (b) Todas las primas vencidas y exigibles en relación con las pólizas de seguro se han pagado y no ha hecho, consentido ni omitido nada que pueda hacer que cualquiera de las pólizas de seguro no resulte ejecutable, sea suspendida o resulte nula, en su totalidad o en parte.

(xxiv) Inexistencia de situaciones concursales

- (a) No se ha sometido a ningún procedimiento de insolvencia o reorganización empresarial similar, de carácter judicial o privado, derivado de una situación de insolvencia o de incapacidad para atender a sus pagos corrientes ni se ha declarado una moratoria de pagos en relación con ningún endeudamiento.
- (b) No se encuentra en situación de no poder cumplir regularmente sus obligaciones exigibles ni prevé que no podrá cumplir regular y puntualmente sus obligaciones exigibles.
- (c) No se encontrará en situación de no poder cumplir regularmente sus obligaciones exigibles como consecuencia del otorgamiento de los Documentos de la Financiación.

(xxv) Inexistencia de otros contratos de financiación

No mantiene en vigor otros contratos de financiación (ya sean de préstamo, crédito, descuento, factoring con recurso, leasing financiero u otros) ni ha incurrido en endeudamientos u otros compromisos de pago con terceros (incluyendo fianzas, avales y contragarantías) distintos de la Deuda Intra-Grupo Existente y del Endeudamiento Financiero Permitido.

(xxvi) Financiación

No ha concedido Endeudamiento Financiero de ningún tipo a terceros.

(xxvii) Inexistencia de Sanciones

Ni la Prestataria ni el Socio ni ninguna otra sociedad del Grupo ni ninguno de sus respectivos administradores, cargos o empleados:



- (a) Hasta donde ellos conocen y consideran (habiendo efectuado las investigaciones precisas y debidas), son Parte Restringida;
 - (b) Hasta donde ellos conocen y consideran (habiendo efectuado las investigaciones precisas y debidas), se han comprometido en operaciones, actividades o conductas que podrían resultar razonablemente en su designación como Parte Restringida; o
 - (c) Hasta donde ellos conocen y consideran (habiendo efectuado las investigaciones precisas y debidas), han incurrido en incumplimiento de o son objeto de cualquier acción o investigación en relación con cualesquiera Sanciones.
- (xxviii) Participaciones sociales de las Sociedades y Contrato de Compraventa
- Las participaciones sociales de las Sociedades le pertenecen de pleno derecho, en virtud de un derecho de propiedad pleno e incontestado, en virtud del Contrato de Compraventa, el cual es plenamente eficaz, efectivo, legal, válido, vinculante y ejecutable.
- (xxix) Cláusula suelo
- Ha sido completamente informada acerca del establecimiento de una cláusula suelo en relación con los tipos de referencia, comprende la finalidad y los efectos de la referida cláusula y ha recibido asesoramiento legal independiente al respecto.
- (xxx) Contingencias
- No existe ninguna contingencia en la Prestataria (cualquiera que sea su naturaleza) por un importe global superior a 250.000 Euros que no se encuentre reflejada en la información financiera más reciente entregada por la Prestataria de conformidad con este Contrato.

Repetición de las Manifestaciones y Garantías de la Prestataria

- 15.2 Cada una de las manifestaciones, declaraciones y garantías formales contenidas en la presente cláusula 14 se entenderá repetida por la Prestataria en cada Fecha de Pago de Intereses, tanto respecto de sí misma como respecto de las sociedades del Grupo, por referencia a los hechos y circunstancias que entonces existan.



- 15.3 Cualquier cambio de los presupuestos fácticos recogidos en las manifestaciones, declaraciones y garantías anteriores deberá ser notificado por la Prestataria al Banco dentro de los cinco (5) días hábiles siguiente a la fecha en que la Prestataria tuviera conocimiento del mismo

16. Obligaciones de información

Información financiera

- 16.1 La Prestataria deberá entregar al Banco, respecto de si misma y respecto de las sociedades del Grupo, tanto a nivel individual como consolidado del Grupo:

- (i) Inmediatamente tan pronto como estén disponibles y, en cualquier caso, no más tarde de ciento veinte (120) días desde la fecha de cierre de cada uno de los ejercicios sociales, cuentas anuales auditadas (incluyendo el balance, la cuenta de pérdidas y ganancias, un estado que refleje los cambios en el patrimonio neto del ejercicio y la memoria) y, en su caso, un estado de flujos de efectivo correspondientes a dicho ejercicio finalizado, todo ello junto con el correspondiente informe de auditoría. La auditoría será de aplicación a las cuentas individuales de la Prestataria y a las consolidadas.
- (ii) Inmediatamente tan pronto como estén disponibles y, en cualquier caso, no más tarde de sesenta (60) días desde la fecha de finalización de cada período de seis meses en que se divide el ejercicio social, los estados financieros (incluyendo balance, cuenta de pérdidas y ganancias) y un informe de flujos de caja correspondientes a dicho período semestral.
- (iii) Inmediatamente tan pronto como estén disponibles y, en cualquier caso, no más tarde de los cuarenta y cinco (45) días siguientes al comienzo de cada ejercicio económico, el presupuesto anual, incluyendo un balance provisional, la cuenta de resultados y la previsión de flujos de caja (todo ello desglosado mes a mes).
- (iv) Inmediatamente tan pronto como esté disponible y, en cualquier caso, no más tarde de los cuarenta y cinco (45) días siguientes al comienzo de cada ejercicio económico, información respecto al negocio y respecto al desarrollo financiero del Grupo.

Requisitos de los Estados Financieros

- 16.2 Los Estados Financieros entregados de conformidad con la presente cláusula estarán acompañados por una carta firmada por un apoderado debidamente autorizado de la



Prestataria confirmando que los mismos reflejan una imagen fiel y correcta de la situación financiera de la Prestataria en el final del período al que tales estados financieros vengan referidos así como de los resultados de sus operaciones durante tal período.

- 16.3 Los Estados Financieros entregados de conformidad con la presente cláusula estarán preparados de acuerdo con los principios contables generalmente aplicados en España en cada momento.

Obligaciones generales de información

- 16.4 La Prestataria entregará al Banco, tanto respecto de sí misma como de las sociedades del Grupo:

- (i) Inmediatamente tan pronto como tenga conocimiento, la información sobre cualquier litigio, arbitraje o procedimiento administrativo o laboral iniciado o que es previsible que pueda iniciarse contra la Prestataria (o contra sus administradores o directivos), siempre que constituya un Cambio Sustancial Adverso.
- (ii) Inmediatamente tan pronto como tenga conocimiento, la información sobre reclamación, indemnización, procedimiento o notificación de incumplimiento en relación con el Contrato de Compraventa; siempre que la reclamación, indemnización, procedimiento o notificación de incumplimiento sea por importe igual o superior a 1.000.000 Euros y todo ello sin perjuicio de la prenda constituida en virtud del Contrato de Garantías sobre los derechos de crédito derivados del Contrato de Compraventa.
- (iii) Información sobre la situación financiera del Socio que sea compartida con los acreedores financieros del Socio, siempre inmediatamente y de forma simultánea al momento en el cual la información sea compartida con los acreedores financieros del Socio siempre que pueda provocar un Cambio Sustancial Adverso.
- (iv) Inmediatamente tan pronto como tenga conocimiento, la información sobre el acaecimiento de cualquier causa que pueda dar lugar a:
 - (a) Una Causa de Vencimiento Anticipado (y, en su caso, las actuaciones adoptadas para remediar la misma).



- (b) Una causa de Amortización Anticipada Obligatoria de conformidad con lo dispuesto en este Contrato.
- (c) Cualquier variación o modificación sustancial de los datos, la documentación o la información suministrada previamente al Banco.
- (v) En cualquier momento, a petición del Banco, cuanta información razonable y relevante le sea solicitada sobre su negocio y situación financiera.

Identificación de clientes ("*know your customer*")

- 16.5 En caso de que el Banco estuviese obligado a cumplir con procedimientos de identificación de clientes ("*know your customer*") conforme a la normativa aplicable y los procedimientos de cumplimiento normativo del Banco, la Prestataria facilitará, tan pronto como sea posible, cuanta documentación o información fuese necesaria para que el Banco pueda cumplir con los citados procedimientos de identificación de clientes.

Obligaciones en materia de cuentas y auditoría

- 16.6 La Prestataria preparará las cuentas y estados financieros de conformidad con los principios y normas de contabilidad generalmente aceptados en cada momento en España y uniformemente aplicados, y, en el supuesto de que fuera exigible, de conformidad con las Normas Internacionales de Contabilidad (NIC).
- 16.7 La Prestataria se obliga a auditar sus cuentas anuales individuales y consolidadas por una entidad de reconocido prestigio internacional que se encuentre entre las cuatro mayores del sector ("*Big Four*").
- 16.8 La Prestataria calculará y emitirá un informe en relación con el Flujo de Caja Excedentario --en los términos y plazos regulados en la Cláusula 5.11.(iii) anterior--, y en ese mismo informe calculará el RCSD y también realizará un cálculo relativo al Ratio de Apalancamiento. El primer cálculo tendrá lugar por primera vez en relación con el ejercicio 2016, lo cual se calculará antes del 30 de mayo de 2017; (a) con referencia a las cuentas anuales individuales auditadas (incluyendo el balance, la cuenta de pérdidas y ganancias, un estado que refleje los cambios en el patrimonio neto del ejercicio y la memoria) y, en su caso, un estado de flujos de efectivo correspondientes a dicho ejercicio finalizado; y (b) con base en el Certificado de Cumplimiento que emita el auditor. En relación con los ejercicios siguientes se seguirá el mismo procedimiento de conformidad con las mismas fechas y plazos en cuanto a cálculo y posterior dotación y amortización (si procede).



Certificado de Cumplimiento

La Prestataria entregará al Banco, conjuntamente con la información financiera anual a que se refiere la presente cláusula, un certificado de cumplimiento acreditando el cumplimiento de los Ratios Financieros en la fecha en que los Estados Financieros correspondientes fueron elaborados (un "**Certificado de Cumplimiento**"). Los Certificados de Cumplimiento deberán entregarse firmados por apoderados debidamente autorizados.

17. Obligaciones financieras y apertura de cuentas

- 17.1 A los efectos del presente Contrato, todos los ratios, índices y demás parámetros aquí previstos se entenderán referidos al Grupo en su conjunto y, en consecuencia, serán calculados a nivel consolidado.

Ratio Deuda Neta / EBITDA

- 17.2 El Ratio Deuda Neta / EBITDA del Grupo deberá ser igual o inferior al nivel de 2,50/1, el cual será medido semestralmente (sobre la base de las últimas cuentas anuales o semestrales, según sea el caso, disponibles de conformidad con lo previsto en este Contrato) a partir del 31 de diciembre de 2016 y hasta la Fecha de Vencimiento Final (el "**Ratio de Apalancamiento**").

Definiciones a efectos de Ratios Financieros

- 17.3 A los efectos previstos en el Contrato en general y en relación con esta cláusula en particular aplicarán las siguientes definiciones:
- (i) Se entenderá por "**Deuda Bruta**" la deuda financiera de una sociedad, incluyendo deudas con entidades de crédito a corto y largo plazo, emisiones de obligaciones a corto y largo plazo, descuentos de efectos, leasing no operativo, factoring con recurso, avales bancarios (excluyendo avales operativos) y, en general, cualquier deuda con coste financiero excluyendo los préstamos subordinados de socios y los intereses capitalizados que devenguen aquéllos, siempre que conste claramente que los mismos están subordinados a los Documentos de la Financiación.
 - (ii) Se entenderá por "**Deuda Neta**" la Deuda Bruta de una sociedad menos las partidas de Tesorería.



Se entenderá por "Tesorería" los saldos en cuentas corrientes, fondos de inversión en renta fija a corto plazo o cualquier tipo de inversión en activos monetarios a corto plazo; incluyendo en todo caso la CRSD y el depósito indisponible que garantiza el Aval (única y exclusivamente a los efectos del cómputo de los Ratios Financieros).

Certificado del Auditor en relación con los Ratios Financieros

- 17.4 El auditor de la Prestataria deberá emitir un Certificado de Cumplimiento en los términos previstos en este Contrato, que deberá ser remitido al Banco en la fecha de cálculo de los Ratios Financieros.

Acreditación del cumplimiento de Ratios Financieros

- 17.5 El cumplimiento de los Ratios Financieros descritos en esta cláusula se acreditará a través de cada uno de los Estados Financieros y el Certificado de Cumplimiento del Auditor que deba ser entregado de conformidad con este Contrato. El Certificado de Cumplimiento relativo al cálculo semestral del Ratio de Apalancamiento podrá ser emitido por un administrador de la Prestataria, sin que sea necesario que se verifique por el Auditor.

Apertura de cuentas

- 17.6 La Prestataria abrirá las siguientes cuentas en el Banco (las "Cuentas de la Financiación"), las cuales deberán estar pignoradas en todo momento a favor del Banco en los términos previstos en el Contrato de Garantías:

- (i) La cuenta número [REDACTED] (la "Cuenta Central Indisponible"), en la cual deberán ingresarse todos los importes que deban ser destinados a la amortización anticipada obligatoria del Préstamo.
- (ii) La cuenta número [REDACTED] (la "Cuenta de Cobros y Pagos"), que será la cuenta operativa de la Prestataria. Ninguna cantidad podrá ser dispuesta de la Cuenta de Cobros y Pagos, excepto de acuerdo con lo previsto en el presente Contrato.
- (iii) La cuenta número [REDACTED] (la "CRSD"), en la cual deberán ingresarse los importes necesarios para dotar la CRSD de acuerdo con lo establecido en la Cláusula 5 de este Contrato. El saldo depositado en la CRSD se utilizará, en situaciones excepcionales, para atender el servicio de la deuda en caso de que el mismo no pueda ser atendido con cargo a la Cuenta de Cobros y

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pagos —y una vez agotado el saldo de ésta para atender el vencimiento concreto—, todo ello sin perjuicio de la obligación prevista en la Cláusula 20.2 del presente Contrato.

- (iv) El depósito indisponible número [REDACTED] (el “Depósito Indisponible”), en el cual se ingresará el Tramo B mediante su transferencia desde la Cuenta de Cobros y Pagos, habiendo sido cursada la correspondiente orden, y que solamente podrá ser dispuesto en caso de ejecución del Aval o en los casos de liberación establecidos en las cláusulas 3.2, 3.3 y 3.4.

18. Obligaciones de hacer de la Prestataria

- 18.1 Destinar los importes dispuestos bajo este Contrato a las finalidades establecidas en este Contrato.
- 18.2 Adoptar las acciones necesarias o convenientes para la ejecución y formalización de este Contrato y de las Garantías y mantener sus obligaciones válidas, vinculantes y eficaces en todo momento, así como ejecutar, con arreglo a las previsiones de este Contrato y de las Garantías, cualesquiera novaciones de éstos que en el futuro sean necesarias o convenientes para garantizar su plena validez y eficacia.
- 18.3 En el supuesto de que cualquiera de las obligaciones que del Contrato se derivan para la Prestataria resulta no ser legal, válida o vinculante, así como si tal circunstancia se produce en relación con cualquiera de las Garantías, la Prestataria se compromete a prestar a favor del Banco garantías suficientes para evitar cualquier perjuicio que, en su caso, pudiera haberse producido en la posición del Banco como consecuencia de dicha circunstancia.
- 18.4 Mantener los derechos que se derivan de este Contrato para el Banco en rango, prioridad y prelación iguales (“*pari passu*”) o superiores a las demás obligaciones de endeudamiento futuras de la Prestataria con excepción de aquellas que gocen de preferencia en virtud de las normas legales de aplicación general en materia concursal, liquidación, privilegio legal o en virtud de otras normas de aplicación general (incluyendo, sin limitación alguna, aquellos acreedores cuyos créditos: (a) gocen de algún privilegio de conformidad con cualquier normativa española en materia fiscal o de seguridad social, o (b) gocen de cualquier otro privilegio aplicable legalmente reconocido.
- 18.5 Cumplir con la legislación civil, mercantil, administrativa, medioambiental, fiscal, laboral o de cualquier otra índole que le sea aplicable y desarrollar su actividad de



conformidad con la legislación civil, mercantil, administrativa, medioambiental, fiscal, laboral u otra que le resulte de aplicación.

- 18.6 Realizar todas las actuaciones que le correspondan tendentes a mantener y conservar cualesquiera licencias, permisos o autorizaciones necesarias en cada momento para el normal desarrollo de sus actividades.
- 18.7 Mantener y conservar sus activos, todas sus instalaciones, mobiliario, accesorios y equipos en correcto estado de funcionamiento y, en cualquier caso, con las exigencias requeridas por la legislación vigente en materia civil, mercantil, administrativa, medioambiental, urbanística, fiscal y laboral, y actuar con toda la diligencia necesaria en dicha gestión, conservación y mantenimiento, sin que existan incumplimientos significativos de la legislación vigente.
- 18.8 Mantener plenamente vigentes en todo momento pólizas de seguro, con compañías aseguradoras de reconocido prestigio y solvencia, en relación con sus actividades comerciales y sus activos, por los riesgos, importes y conforme a términos sustancialmente similares a las pólizas actualmente suscritas y anexas al Contrato de Garantías, todo ello a satisfacción del Banco. En relación con los seguros referidos en este apartado, la obligación se extiende a:
 - (i) Pagar puntualmente, todas las primas, gastos y demás sumas pagaderas en relación con los seguros referidos.
 - (ii) Cumplir en todo momento con los términos y condiciones de cada póliza de seguros.
 - (iii) No actuar de forma que dé lugar, o que presumiblemente pueda dar lugar, a la inexigibilidad, suspensión o nulidad, total o parcial, de tales pólizas de seguros.
- 18.9 Informar al Banco, tan pronto como tenga conocimiento, de la presentación de reclamaciones medioambientales (o, conforme a su leal saber y entender, el riesgo de que una reclamación medioambiental pueda ser presentada) contra la Prestataria o contra las sociedades del Grupo y de cualesquiera hechos o circunstancias que ocasionen o razonablemente puedan ocasionar la presentación de una reclamación medioambiental contra la Prestataria.
- 18.10 Satisfacer puntualmente cualesquiera tributos que resultasen de aplicación dentro del periodo de pago establecido al efecto.



llevar sus libros y registros contables de conformidad con los principios contables generalmente aceptados en España y aplicados de forma coherente hasta la fecha, así como no cambiar las prácticas contables ni la fecha de cierre de su ejercicio contable, excepto: (i) si es requerido por la ley; y/o (ii) si dicho cambio es aprobado por el Banco.

18.12 Mantener su "*centro de intereses principales*" en España y no tener ningún "*establecimiento*" fuera de España (tal y como cada uno de estos términos entrecuadrados se define en el Reglamento (CE) N° 1346/2000 del Consejo, de 29 de mayo de 2000, sobre procedimientos de insolvencia).

18.13 Dentro de los sesenta (60) días naturales siguientes a la firma del presente Contrato, formalizar las Confirmaciones al amparo del CMOF suscrito a fecha de hoy, suscribiendo bajo las citadas Confirmaciones una cobertura de fluctuación de tipo de interés en relación con el Préstamo en los términos acordados en el CMOF: (i) cubriendo al menos el setenta y cinco por ciento (75%) del importe del Préstamo como notional; (ii) por un ámbito temporal de al menos cuarenta y dos (42) meses y como máximo hasta la Fecha de Vencimiento Final; y (iii) con un spread de veinte (20) puntos básicos; todo ello en términos satisfactorios para el Banco.

19. Obligaciones de no hacer de la Prestataria

19.1 No incurrir, asumir o mantener Endeudamiento Financiero salvo que se trate de Endeudamiento Financiero Permitido.

A estos efectos, "**Endeudamiento Financiero Permitido**" significa: (i) el Endeudamiento Financiero derivado del presente Contrato, el CMOF, el Aval y el Contrato de Compraventa (incluyendo sus Anexos); y (ii) el Endeudamiento Financiero derivado de deuda intra-grupo siempre que la misma esté subordinada desde un punto de vista estructural y temporal en la misma forma que en el Contrato entre Acreedores (y salvo por la posibilidad de realizar las Distribuciones aquí permitidas), y así conste expresamente formalizado en documento público; (iii) avales, fianzas, garantías, contragarantías, cartas de patrocinio o cualesquiera compromisos que resulten necesarias en el curso ordinario de los negocios del Grupo, en todo caso hasta un límite máximo agregado hasta la Fecha de Vencimiento Final de 1.000.000 Euros; y (iv) leasing y líneas de circulante hasta un importe máximo agregado de 1.000.000 Euros.

A los efectos de este Contrato, "**Endeudamiento Financiero**" significa, en cada momento, la suma de las cantidades debidas por la Prestataria o las sociedades del Grupo en virtud de los siguientes conceptos:



Contratos de préstamo, crédito, descuentos, descubiertos en cuentas corrientes.

- (ii) Emisión de valores representativos de deuda en forma de obligaciones, bonos, pagarés o cualquiera otra clase de títulos.
- (iii) Contratos de arrendamiento financiero con opción de compra.
- (iv) Contratos, acuerdos o compromisos de compra de activos con precio aplazado, excluyéndose a estos efectos los contratos, acuerdos o compromisos de compra con precio aplazado de activos que constituyan existencias que se suscriban en el curso ordinario de los negocios.
- (v) Derivados u otros instrumentos financieros de similar naturaleza.
- (vi) Aavales, fianzas, garantías, contragarantías, cartas de patrocinio o cualesquiera compromisos que impliquen garantizar obligaciones de terceros, ya sea de forma solidaria, subsidiaria o de cualquier otra forma.
- (vii) Cantidades aportadas en concepto de capital o prima por la emisión de acciones rescatables.
- (viii) Compromisos de adquisición de autocartera, de recompra de participaciones propias o de venta de autocartera por debajo de su valor razonable
- (ix) Cualesquiera otras obligaciones, compromisos o contratos de carácter financiero de similar naturaleza o efecto a los anteriores de la Prestataria y que tengan el efecto comercial de un préstamo, crédito o garantía.

19.2 No constituir y no mantener vigentes garantías reales sobre sus bienes o derechos (presentes o futuros), con excepción de las Garantías.

19.3 No realizar ninguna de las actuaciones siguientes:

- (i) Vender, transmitir, ceder o de cualquier otro modo disponer de activos fijos por importe superior a 100.000 Euros (individual o agregado), de tal modo que éstos sean o puedan ser adquiridos nuevamente o arrendados, por ejemplo y sin carácter limitativo operaciones de "sale and lease-back".
- (ii) Vender, transmitir, ceder o de cualquier otro modo disponer de los derechos de crédito derivados de sus actividades ordinarias de tal modo que exista recurso en



caso de impago de aquéllos, con excepción de las Garantías constituidas o que puedan constituirse a favor del Banco.

- (iii) Celebrar contratos que permitan la compensación de los derechos de crédito frente a entidades de crédito (incluyendo, sin carácter limitativo, los derivados de cuentas corrientes) o el traspaso de fondos entre cuentas bancarias, salvo en relación con las Cuentas de la Financiación.
- (iv) Celebrar otros acuerdos de naturaleza similar que puedan conceder un derecho de crédito privilegiado a un tercero salvo por las Garantías Permitidas.

A los efectos de lo previsto en este Contrato, "**Garantías Permitidas**" tiene el siguiente significado: (a) garantías creadas en virtud de disposiciones normativas de índole imperativa; (b) las Garantías.

19.4 No suscribir una o varias operaciones (ya estén vinculadas o no) de venta, alquiler, segregación, cesión o disposición de cualquier otro modo de activos fijos por importe de 100.000 Euros (individual o agregado), salvo en el curso ordinario de sus negocios.

19.5 No modificar o novar el Contrato de Compraventa.

19.6 A partir del 1 de enero de 2016 y una vez dotada a fecha de firma del Contrato la Caja Mínima de Seguridad prevista en la Cláusula 5.5 de este Contrato, no realizar Distribuciones al Socio, salvo con carácter anual y siempre que se cumplan todos y cada uno de los siguientes requisitos cumulativos (incluso después de efectuada la Distribución) (las "**Condiciones de Distribución**"):

- (i) Que se haya producido un resultado positivo en el ejercicio con cargo al cual se pretende acordar la Distribución y que la misma se realice de conformidad con las exigencias aplicables bajo la legislación de España.
- (ii) Que la Prestataria haya realizado las amortizaciones anticipadas obligatorias del Préstamo previstas en este Contrato, en caso de haberse producido alguno de los supuestos contemplados.
- (iii) Inexistencia de incumplimientos bajo el presente Contrato y/o bajo cualquiera de los Documentos de la Financiación.



- (iv) Que no haya tenido lugar ni se encuentre vigente ninguna Causa de Vencimiento Anticipado y que la Distribución no haga incurrir en alguna de dichas causas,
- (v) Que el RCSD correspondiente al ejercicio con cargo al cual se vaya a realizar la Distribución esté a un nivel mayor que 1,1
- (vi) Cumplimiento estricto de los Ratios Financieros verificados por el auditor de la Prestataria.
- (vii) Habiéndose cumplido los anteriores requisitos, la cantidad que con cargo a cada ejercicio podrá destinarse a la realización de Distribuciones será el porcentaje de Remanente de Flujo de Caja Excedentario a 31 de diciembre del ejercicio correspondiente a partir del ejercicio 2016 que corresponda de conformidad con lo siguiente:

Ejercicio	EBITDA	Distribución Permitida
2016	Mayor o igual que 12.000.000 Euros	Hasta el 100% del Remanente de Flujo de Caja Excedentario
	Mayor o igual que 10.000.000 pero menor que 12.000.000 Euros	Hasta el 50% del Remanente de Flujo de Caja Excedentario
	Menor que 10.000.000 Euros	0% de Distribuciones
2017 a 2019	Mayor o igual que 15.000.000 Euros	Hasta el 100% del Remanente de Flujo de Caja Excedentario
	Mayor o igual que 12.000.000 pero menor de 15.000.000 Euros	Hasta el 50% del Remanente de Flujo de Caja Excedentario
	Menor que 12.000.000 Euros	0% de Distribuciones

- (viii) El Remanente de Flujo de Caja Excedentario que podrá distribuirse anualmente no podrá ser superior que los beneficios antes de impuestos del ejercicio social aplicable más los beneficios antes de impuestos que no hubieran sido distribuidos correspondientes a ejercicios anteriores.



(1x) Las Distribuciones a los socios se realizarán por la Prestataria en un único pago anual. A los efectos de este Contrato, "**Distribuciones**" significa cualesquiera pagos por parte de la Prestataria a cualquiera de los socios según corresponda, en forma de dividendos, devolución de prima de emisión, reducciones de capital o de reservas legales o voluntarias, restitución de aportaciones, otorgamiento de préstamos o créditos, pago de principal e intereses de Deuda Subordinada y/o participativa o por cualquier otro título.

- 19.7 En todo caso, no se considerará Distribución la transferencia en cualquier concepto por la Prestataria de los Fondos Liberados –una vez dotada a fecha de firma del Contrato la Caja Mínima de Seguridad prevista en la Cláusula 5.5 de este Contrato–, ya sea como distribución de fondos propios (si se hiciera como reducción de capital, ello exigirá una liberación parcial y ratificación de la prenda sobre las participaciones sociales de la Prestataria constituida en virtud del Contrato de Garantías a lo que se compromete el Banco siempre que medie preaviso de al menos 5 días hábiles y la reducción de capital se efectúe a su satisfacción) o devolución de deuda, permitiendo expresamente el Banco y declarando que dicha transferencia no está sujeta a ningún pacto de subordinación contenido en el presente Contrato y/o en el Contrato entre Acreedores.
- 19.8 No conceder Endeudamiento Financiero de ningún tipo, otorgar garantías o asumir cualquier tipo de compromiso, presente o futuro, para garantizar el cumplimiento de las obligaciones de un tercero.
- 19.9 No concertar operaciones de permuta financiera ("**SWAPS**"), de intereses, de divisas o de cualquier combinación de los mismos, de acuerdos de tipos de interés futuro ("**FRAs**"), o cualquier otra operación de derivados, salvo los suscritos con el Banco.
- 19.10 No adquirir otras sociedades o negocios ni asumir compromisos en tal sentido.
- 19.11 No suscribir acuerdos de asociación, "**Joint-venture**" o similares ni constituir sociedades ni participar en ningún otro tipo de asociación, salvo que se cuente con el consentimiento previo, expreso y por escrito del Banco.
- 19.12 No emitir ningún tipo de participaciones, opciones, obligaciones o derechos a favor de terceros (distintos del Socio) sobre su capital social.
- 19.13 No abrir ninguna cuenta bancaria distinta de las Cuentas de la Financiación abiertas con el Banco.



No modificar su objeto social, su actividad habitual, ni la fecha de cierre de su ejercicio contable sin el consentimiento previo, expreso y por escrito del Banco. Asimismo, no efectuar ni consentir modificaciones de sus estatutos sociales relativas al ejercicio social, objeto social, el capital social (con excepción de cualquier eventual ampliación de capital totalmente suscrita por el Socio que se realice de acuerdo con el Contrato de Garantías), al número y clase de participaciones o a los derechos inherentes a las mismas. En todo caso, la Prestataria informará al Banco de cualquier modificación de sus estatutos sociales.

19.15 No adoptar acuerdos relativos a fusión, escisión, disolución, transformación o cualquier otra forma de reorganización societaria, salvo autorización previa, expresa y por escrito del Banco.

20. Obligaciones de la Prestataria respecto de las sociedades del Grupo

20.1 La Prestataria deberá velar y procurar que cada una de las sociedades del Grupo cumple con las obligaciones previstas en las Cláusulas 18 y 19 anteriores, que se entienden repetidas "*mutatis mutandis*" respecto de las referidas sociedades del Grupo.

20.2 La Prestataria deberá llevar a cabo todas las actuaciones necesarias o aconsejables para que las sociedades del Grupo distribuyan a la Prestataria las cantidades necesarias para que la Prestataria cumpla con sus obligaciones bajo el presente Contrato, tales como las obligaciones de pago de principal, intereses, comisiones y demás conceptos; las obligaciones de amortización anticipada referidas al barrido de caja ("*cash sweep*") y dotación de la CRSD; y cualesquiera otras previstas en este Contrato.

21. Vencimiento Anticipado

Causas de Vencimiento Anticipado

21.1 No obstante la fecha fijada para el vencimiento ordinario del Contrato, el Banco podrá dar el Contrato por vencido y exigir por anticipado el pago de la totalidad de las cantidades debidas en virtud de este Contrato –incluyendo principal, intereses, comisiones, gastos y cualesquiera otros conceptos que procedan–, declarando vencida la obligación en su totalidad, en cualquiera de los siguientes supuestos (salvo que hayan sido subsanados de conformidad con la cláusula 20.4) cada uno de ellos aplicables a la Prestataria y, cuando expresamente se prevea, las sociedades del Grupo (cada una de ellas, una "Causa de Vencimiento Anticipado" y, conjuntamente, las "Causas de Vencimiento Anticipado"):



Incumplimiento de pago en las fechas convenidas de las cantidades pertinentes bajo este Contrato, ya sea en concepto de principal o intereses o comisiones (incluidas las Comisiones), costes y cualesquiera otros conceptos, todo ello sin perjuicio de los intereses de demora y demás costes y penalizaciones acordados como consecuencia del retraso de pago.

- (ii) Incumplimiento de cualesquiera otras obligaciones previstas en este Contrato, es decir, las obligaciones de información, obligaciones financieras—incluido, sin limitación, el incumplimiento de los Ratios Financieros—, obligaciones de hacer y obligaciones de no hacer expresamente previstas en este Contrato, distintas de las incluidas en el apartado (i) anterior. El incumplimiento de los Ratios Financieros podrá subsanarse mediante la aportación de Fondos Propios por parte del Socio, ya mediante una ampliación de capital, aportación directa o, en caso de deuda intra-grupo, ésta deberá estar totalmente subordinada a los Documentos de la Financiación, desde un punto de vista estructural y temporal, de conformidad con el Contrato entre Acreedores.
- (iii) Incumplimiento de cualquier obligación de pago por la Prestataria o las sociedades del Grupo—incluido, sin limitación, el Endeudamiento Financiero u obligaciones derivadas de cualesquiera otras relaciones jurídicas— que hubiese asumido frente al Banco por cualquier importe (sin limitación) o frente a cualquier otra entidad financiera o cualquier tercero distintas de las establecidas en este Contrato siempre que sea por un importe superior a 250.000 Euros.
- (iv) Declaración de exigibilidad, o legitimación para proceder a su declaración de exigibilidad, del Endeudamiento Financiero con anterioridad a la fecha de vencimiento ordinaria como consecuencia del acaecimiento de un supuesto de incumplimiento (o cualquier circunstancia análoga que tenga como consecuencia la exigibilidad anticipada de las correspondientes obligaciones); en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.
- (v) Imposibilidad de disponer de nuevas cantidades en virtud del Endeudamiento Financiero como consecuencia del acaecimiento de un supuesto de incumplimiento (o cualquier circunstancia análoga que tenga como consecuencia la cancelación de los compromisos de poner fondos a disposición de la sociedad de que se trate) frente al Banco por cualquier importe (sin limitación) o frente a cualquier otra entidad financiera o cualquier tercero distintas de las establecidas en este Contrato siempre que sea por un importe superior a 250.000 Euros; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.



(i) Falseamiento, inexactitud u ocultación de datos sustanciales en los estados financieros y demás documentación aportada al Banco, tanto en lo referente al activo como al pasivo o si resultaran falsas, inexactas o incompletas las Manifestaciones y Garantías de forma sustancial otorgadas a favor del Banco en este Contrato; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.

(vii) Grave deterioro de la solvencia, tanto en relación con la Prestataria como en relación con las sociedades del Grupo, de manera que se vea afectada negativamente su capacidad para hacer frente a las obligaciones asumidas en virtud de este Contrato y de cualesquiera contratos de los que sea parte, el cual se entenderá automáticamente producido, sin que la siguiente enumeración tenga carácter limitativo, en los siguientes supuestos:

- (a) Presentación de una solicitud de concurso, pre-concurso o procedimiento de insolvencia análogo o se hubiera iniciado concurso o procedimiento de insolvencia análogo, en este caso ya sea en relación con la Prestataria, las sociedades del Grupo y/o el Socio.
 - (b) Sometimiento a administración judicial o si fuera objeto de incautación o intervención, o sus participaciones fueran expropiadas, o se nombrara un síndico, interventor, depositario o funcionario análogo o se realizara cualquier otra acción o actuación similar, judicial o privada, que produzca efectos análogos o se produjera cualquier otra situación que revele su insolvencia actual o inminente, en este caso ya sea en relación con la Prestataria, sociedades del Grupo y/o el Socio.
 - (c) Imposibilidad de pagar las deudas a medida que venzan, y/o, por dicha causa, comienzo de negociaciones con uno o más de sus acreedores con vistas a un reajuste o renegociación general de su endeudamiento, o cesión general en favor de sus acreedores, o presentación de una solicitud de moratoria o convenio extrajudicial con los mismos.
 - (d) El valor de sus activos es inferior a sus pasivos (actuales y contingentes).
 - (e) Concesión de una quita o espera en relación con cualquier Endeudamiento Financiero por no poder hacer frente a su pago.
- (viii) Realización de actos que pusieran en peligro o disminuyera su solvencia, tales como, sin que ello tenga carácter limitativo, enajenar o gravar bienes o derechos que se hubieran tenido en consideración para determinar su capacidad



económica; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.

- (ix) Seguimiento de procedimiento judicial o notarial que llevase aparejado ejecución, expropiación, incautación o embargo, total o parcial, de sus bienes o garantías prestadas; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo, siempre que el procedimiento tenga por objeto una reclamación por importe superior a 250.000 Euros.
- (x) Reclamaciones de índole fiscal que, individualmente o de forma agregada, excedan de 250.000 Euros; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo siempre que exista resolución administrativa firme o resolución susceptible de ejecución incumplida.
- (xi) Cese en su negocio o su explotación o enajenación a terceros del negocio sin la autorización previa, expresa y escrita, del Banco; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.
- (xii) Incumplimiento material de un mandato judicial por importe superior a 400.000 Euros; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.
- (xiii) Incumplimiento de obligaciones sustanciales administrativas, mercantiles, civiles, urbanísticas, medioambientales, fiscales y/o laborales; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.
- (xiv) Acaecimiento de cualquier supuesto que constituya un Cambio Sustancial Adverso; en este caso ya sea en relación con la Prestataria y/o las sociedades del Grupo.
- (xv) Si cualquiera de las obligaciones que de este Contrato se deriven para la Prestataria resultara no ser legal, válida y vinculante, así como si tal circunstancia se produce respecto de cualquiera de los restantes Documentos de la Financiación o de cualesquiera otras garantías estén en cada momento otorgadas en favor del Banco en relación con el Préstamo.
- (xvi) Reserva, párrafo de énfasis o advertencia en el informe de auditoría de la Prestataria o cualquiera de las sociedades del Grupo.

21.2 Cada una de las Causas de Vencimiento Anticipado es independiente y separable de las demás, justificando por sí sola el vencimiento anticipado total o parcial del



Contrato. Si en algún momento cualquiera de las causas mencionadas se considerase ilegal, inválida o inaplicable, la legalidad validez o aplicabilidad de las restantes Causas de Vencimiento Anticipado no quedará afectada.

- 21.3 Los supuestos anteriores constituirán Causas de Vencimiento Anticipado independientemente de la razón que lo origine, ya sea voluntaria o involuntaria o surta efectos por imperio de la ley o conforme a cualquier resolución judicial, decreto a auto de cualquier tribunal o cualquier orden, norma o reglamento de cualquier órgano administrativo.

Plazos de subsanación

- 21.4 Las Partes acuerdan los siguientes plazos de subsanación respecto de los supuestos señalados en la cláusula 20.1, de forma que si se subsanara con constituyan Causas de Vencimiento Anticipado:

- (i) En el caso de incumplimientos de pago bajo el presente Contrato:
 - (a) En el caso de principal o intereses, la falta de pago esté provocada por un error administrativo o técnico o un Supuesto de Interrupción y el pago se efectúe en el plazo de dos días hábiles desde la fecha de vencimiento del pago de que se trate;
 - (b) En el caso de comisiones o cualquier otra cantidad, el plazo de dos (2) días hábiles desde la fecha de pago de que se trate.
- (ii) En el caso de incumplimiento de cualesquiera otras de las obligaciones previstas en este Contrato, es decir, las obligaciones de información, obligaciones financieras –incluido, sin limitación, el incumplimiento de los Ratios Financieros–, obligaciones de hacer y obligaciones de no hacer expresamente previstas en este Contrato o en cualquier otro supuesto de los establecidos en la cláusula 20.1, que fuera subsanable, el plazo de quince (15) días hábiles desde la fecha del incumplimiento.

Declaración de Vencimiento Anticipado

- 21.5 El vencimiento anticipado total o parcial de este Contrato por el Banco requerirá, en primer lugar, la notificación de la Causa o Causas de Vencimiento Anticipado por el Banco a la Prestataria.



Producida una Causa de Vencimiento Anticipado y notificada ésta a la Prestataria, el Banco estará facultado para:

- (i) Declarar vencido el Préstamo, junto con los intereses, comisiones, costas y gastos, y cualesquiera otros importes debidos y devengados bajo este Contrato, que devendrán automáticamente vencidas y exigibles.
- (ii) Ejercitar algunos o todos sus derechos, facultades y poderes bajo este Contrato, las Garantías o cualesquiera otros Documentos de la Financiación, o cualesquiera otros disponibles en Derecho o equidad.
- (iii) Ejercitar sus derechos bajo las Garantías o cualesquiera otros Documentos de la Financiación.

21.7 La declaración de vencimiento anticipada podrá ser total o parcial respecto de la Financiación.

21.8 En ningún caso podrá entenderse que el retraso en los plazos previstos en este Contrato o el no ejercicio del derecho de vencimiento anticipado del Préstamo que asista al Banco en virtud de este Contrato constituye una renuncia o desistimiento a su ejercicio futuro.

Indemnidad

21.9 Con carácter adicional a lo previsto anteriormente, la Prestataria deberá mantener indemne al Banco frente a todo coste, reclamación, pérdida o gasto necesario (incluidos honorarios legales) que sufra o se le origine como consecuencia del acaecimiento de cualquier Causa de Vencimiento Anticipado, o de cualquier incumplimiento por parte de la Prestataria de sus obligaciones bajo este Contrato, de negligencia o de conducta dolosa o culposa.

Cumplimiento específico

21.10 La facultad de vencimiento anticipado del Banco se entiende sin perjuicio de su derecho a optar por el cumplimiento específico.



Cesiones

Cesión por el Banco

22.1 El Banco podrá ceder o transferir total o parcialmente su posición contractual derivada de este Contrato, así como ceder sus derechos y/u obligaciones bajo el mismo, siempre que la cesión cumpla todas y cada una de las siguientes condiciones:

- (i) Que se realice a favor de una Entidad Elegible. A efectos de este Contrato, "Entidad Elegible" significa: (i) entidades de crédito, entidades financieras o compañías de seguros y/o fondos de titulización y entidades, reguladas o no, constituidas con el propósito de participar en el mercado de crédito o de valores; y (ii) en todos los casos previstos en el apartado (i) anterior:
 - (a) Que sea residente a efectos fiscales en un Estado Miembro de la Unión Europea o en un Estado que haya celebrado y ratificado con España un convenio para evitar la doble imposición que otorgue a los residentes de dicho Estado una exención completa frente a la imposición de cualquier retención o deducción a cuenta derivada de la normativa fiscal española sobre intereses; y
 - (b) Que no opere a través de un territorio que tenga la consideración de paraíso fiscal en Derecho español.
- (ii) Que el importe de la cesión sea, al menos, 5.000.000 Euros o cantidades superiores múltiplos de 1.000.000 Euros, salvo que, siendo inferior, represente el importe total de la participación del Banco en el importe del Préstamo pendiente de amortización.
- (iii) Que la cesión se notifique, con meros efectos informativos, a la Prestataria con, al menos, diez (10) días hábiles de antelación a la fecha de efectividad de la misma.
- (iv) Que la formalización de la cesión no genere ningún coste, tributo o gasto para la Prestataria.
- (v) Que, en el caso de que la cesión suponga una elevación de los costes derivados de este Contrato por un incremento de cualesquiera tributos y/o retenciones en relación con los que resultarían aplicables en caso de que el Banco no hubiera cedido su posición contractual bajo el Contrato, no se aplique –únicamente respecto de la amortización de la participación de la/s entidad/es cesionaria/s



que genere/n el incremento de cualesquiera tributos y/o retenciones- la comisión establecida en la última frase de la Cláusula 6.4 anterior para el caso de amortización anticipada voluntaria. Banco Sabadell y las entidades que no genere/n el incremento de cualesquiera tributos y/o retenciones sí tendrán derecho a cobrar la referida comisión, siempre que se cumplan los requisitos de la Cláusula 6.4 en materia de amortización anticipada voluntaria.

- 22.2 Las restricciones a la cesión establecidas en esta cláusula no aplicarán en caso de Causa de Vencimiento Anticipado o un Supuesto de Amortización Anticipada Obligatoria (total). En estos casos, el Banco podrá ceder a cualquier tercero, sin restricciones subjetivas u objetivas.

Cesión por parte de la Prestataria

- 22.3 La Prestataria no podrá ceder, transferir, sustituir ni subrogar a un tercero en los derechos y obligaciones contraídos en los Documentos de la Financiación.

23. Pagos

Modalidad de pagos

- 23.1 La Prestataria deberá realizar los pagos debidos en virtud del presente Contrato en la fecha debida, sin necesidad de previo requerimiento, antes de las 11:00 horas de la mañana, con valor de ese mismo día.
- 23.2 La falta de reclamación de cualquier cantidad debida de conformidad con el presente Contrato por parte del Banco no implicará en modo alguno la renuncia a la misma.
- 23.3 Los pagos debidos por la Prestataria en virtud de este Contrato deberán realizarse por cargo en la Cuenta de Cobros y Pagos, autorizando expresa e irrevocablemente al Banco para que acredite en la misma cualesquiera conceptos debidos por la Prestataria en virtud de este Contrato.
- 23.4 Los pagos se entenderán realizados y serán liberatorios cuando su importe haya sido abonado al Banco mediante cargo en la Cuenta de Cobros y Pagos, salvo que exista un retraso del asiento imputable a la Prestataria, en cuyo caso, el pago se entenderá realizado y será liberatorio en la fecha en que su importe haya sido asentado, con carácter firme e irrevocable, de acuerdo con los usos o normativa bancaria de cada momento, en la Cuenta de Cobros y Pagos.



Pagos en Euros e indemnización por cambio de moneda

23.5 Todos los pagos que deba realizar la Prestataria como consecuencia de cualquier obligación asumida en virtud de este Contrato se realizarán en Euros. El incumplimiento de esta obligación tendrá la naturaleza de esencial y permitirá al Banco declarar el vencimiento anticipado de este Contrato. A estos efectos, "Euros" significa la moneda común de los Estados Miembros de la Unión Europea.

23.6 Sin perjuicio de la facultad de declarar el vencimiento anticipado en caso de que la Prestataria realice pagos en una moneda diferente al Euro, en caso de que cualquier cantidad debida al Banco en virtud de este Contrato sea abonada por la Prestataria en una moneda diferente al Euro –incluida cualquier moneda que sustituya al Euro en España en caso de que este país adopte una moneda distinta– (la "Nueva Moneda"), la Prestataria deberá mantener al Banco indemne y resarcirle de todos los daños y perjuicios ocasionados, incluyendo el lucro cesante. Este deber de indemnizar daños y perjuicios incluirá, sin carácter limitativo, la obligación de satisfacer las cantidades necesarias para cubrir las variaciones en el tipo de cambio que puedan acontecer cuando el Banco realice el cambio a Euros de las cantidades recibidas en la Nueva Moneda.

Imputación de los pagos

23.7 Los pagos efectuados por la Prestataria bajo el Préstamo se imputarán a las deudas vencidas por el siguiente orden:

- (i) Intereses moratorios.
- (ii) Intereses ordinarios y Costes de Ruptura.
- (iii) Gastos y comisiones
- (iv) Incremento de costes
- (v) Costas judiciales.
- (vi) Principal.

23.8 Una vez asignado el concepto al que se imputa el pago en cuestión, los pagos se imputarán a la deuda más antigua. Si por cualquier causa se imputara un pago a la deuda más reciente, esto no implicará en modo alguno que el Banco ha renunciado al cobro de la deuda más antigua.



Compensación

- 24.1 La Prestataria autoriza expresamente al Banco para que éste aplique al pago de cualesquiera cantidades vencidas, exigibles y no pagadas por la misma por razón de los Documentos de la Financiación los saldos que a su favor puedan existir en el Banco, ya sea en cuentas corrientes, de ahorro, de crédito, imposiciones a plazo o cualquier otro depósito presente o futuro. Dicha autorización incluye la conversión de una moneda a otra.
- 24.2 Respecto a los valores de todas clases depositados en el Banco por la Prestataria, ésta autoriza al Banco para, en la medida en que resulte legalmente posible, proceder a su venta a fin de compensar con el importe que obtengan, las obligaciones asumidas por la Prestataria en virtud de los Documentos de la Financiación.
- 24.3 A tal efecto, la Prestataria faculta al Banco a firmar y otorgar cualquier documento que sea necesario o conveniente y en los términos que consideren adecuados y autoriza expresamente a aquéllas a incurrir en auto-contratación.

25. Comunicaciones

Comunicaciones por escrito

- 25.1 Todas las solicitudes, notificaciones, avisos y comunicaciones en general que se refieran a los Documentos de la Financiación se realizarán mediante carta, fax, correo electrónico o cualquier otro sistema que permita la acreditación de su recepción, todo ello salvo que cualesquiera de los Documentos de la Financiación prevea expresamente una forma de comunicación diferente.

Direcciones

- 25.2 Las direcciones y números de fax a las que deben dirigirse las solicitudes, notificaciones, avisos y comunicaciones en general son las siguientes:

El Banco

- (a) A efectos de documentación

Redacted:
Banking
Information

Denominación:	
C.I.F.:	



Redacted:
Banking Information

Domicilio Social:	
Contacto a efectos de envío de documentación:	
Dirección a la que se ha de enviar la documentación:	
Teléfono:	
Fax:	
E-Mail:	

- (b) Para cuestiones operativas: detalles de los responsables de los aspectos operativos del Contrato (por ejemplo, disposiciones, renovaciones de periodos de interés, pago de intereses, etc.)

Nombre:	
Dirección:	
Teléfono:	
Fax:	
E-Mail:	

- (c) Detalles de pagos y cobros en Euros

Nombre de la Entidad:		
Número de Cuenta:		



OMF:	
Contacto:	

(ii) La Prestataria

Redacted:
Banking Information

Persona de contacto y cargo:	
Dirección:	
Número de teléfono:	
Número de fax:	
Correo electrónico:	

Modificación de las direcciones u otros datos

- 25.3 Cualquier modificación en los domicilios o cualesquiera otros datos señalados en este Contrato no tendrá ningún efecto mientras no haya sido notificada en forma al Banco o a la Prestataria, según sea el caso, con una antelación mínima de cinco (5) días hábiles.

Entrega

- 25.4 Cualquier solicitud, notificación, aviso y comunicación en general que se refieran a los Documentos de la Financiación o deriven de éstos únicamente será eficaz si:

- (i) En el caso de las cartas, cuando pueda acreditarse la efectiva recepción de éstas;
o
- (ii) En el caso del fax o del correo electrónico, cuando haya sido recibido de manera legible y pueda acreditarse el envío.



Idioma de las comunicaciones

25.5 Todas las solicitudes, notificaciones, avisos y comunicaciones en general que se refieran a los Documentos de la Financiación o deriven de éstos deberán redactarse en idioma español (en el entendido de que, en caso de redactarse a doble columna en otro idioma y existir discrepancia, prevalecerá la versión en español). Lo anterior no aplicará en caso de notificaciones que deban presentarse en inglés, por ejemplo en caso de ejecución extra-judicial o judicial de derechos bajo los Documentos de la Financiación.

26. Cálculos y certificaciones

26.1 El Banco abrirá y llevará en sus libros una cuenta especial de índole contable a nombre la Prestataria (la "Cuenta Contable"). El Banco: (i) adeudará en la Cuenta de Financiación el importe de principal, intereses ordinarios, comisiones, honorarios, costes, intereses de demora, costes adicionales y demás sumas adeudadas por la Prestataria bajo el presente Contrato; y (ii) abonará en la Cuenta Contable todas las sumas recibidas por el Banco en pago de las cantidades adeudadas por la Prestataria como consecuencia del mismo. En consecuencia, el saldo de dicha cuenta reflejará en cada momento la cantidad adeudada por la Prestataria en virtud de este Contrato.

26.2 Se conviene expresamente que, a los efectos de las reclamaciones judiciales o procedimientos arbitrales que pudieran derivarse de este Contrato o de los Documentos de la Financiación, de acuerdo con sus términos, cualquier cantidad debida al Banco (y reflejada en la Cuenta Contable) será considerada como una cantidad vencida, líquida y exigible a todos los efectos legales.

26.3 Cualquier certificación o determinación de cantidades debidas emitida por el Banco en relación con este Contrato o con los Documentos de la Financiación, será prueba suficiente de las cuestiones con las que guarde relación.

27. Pacto de liquidez. Ejecución del Préstamo

Determinación de la cantidad líquida

27.1 De acuerdo con lo establecido en los artículos 572.2º y concordantes de la Ley de Enjuiciamiento Civil, y en los artículos 129 y concordantes de la Ley Hipotecaria y sus concordantes en la Ley de Enjuiciamiento Civil, a los efectos de realizar cualquier reclamación, judicial o extrajudicial, o de proceder a la ejecución del presente contrato y/o de sus garantías, las partes convienen expresamente lo siguiente:



Liquidación de la cantidad exigible. El Banco practicará una liquidación del saldo de la Cuenta Contable. La cuantía resultante de dicha liquidación será la cantidad líquida y exigible y surtirá todos los efectos legales.

- (ii) Prevalencia de la determinación hecha por el Banco. Una vez efectuada por el Banco la liquidación no podrá la Prestataria presentar liquidaciones individuales.
- (iii) Liquidación total o parcial, sin renuncia. Las liquidaciones indicadas en los apartados anteriores podrán incluir todos los conceptos o parte de ellos, según lo indicado en el artículo 573.3 de la Ley de Enjuiciamiento Civil, sin que ello implique renuncia alguna, en particular en lo que se refiere a gastos y cantidades debidas.
- (iv) Intereses variables. A los efectos indicados en el artículo 574 de la Ley de Enjuiciamiento Civil, el cálculo de intereses variables se hará por remisión a lo indicado en el presente Contrato y efectuado sobre la base del mismo.
- (v) Notificación y oponibilidad a la Prestataria. El Banco notificará a la Prestataria la cantidad líquida y exigida, de acuerdo con el artículo 573.1.3º de la Ley de Enjuiciamiento Civil. La Prestataria no podrá discrepar ni cuestionar las liquidaciones o cálculos realizados por el Banco en virtud de los apartados anteriores, salvo error manifiesto en los mismos.
- (vi) En consecuencia, bastará para el ejercicio de la acción ejecutiva la presentación de testimonio literal de la presente Póliza librada con las formalidades establecidas en el artículo 517.4º de la Ley de Enjuiciamiento Civil acompañada de certificación expedida por el Banco, en la que se acredite que el saldo deudor coincide con el que aparece en Cuenta Contable del presente Contrato, que se incorporarán a Acta Notarial o se intervendrán por Notario.

Procedimiento y modalidades de ejecución, generales y especiales

- 27.2 El Banco podrá acogerse en todo momento a cuantos procedimientos y modalidades de ejecución sean admisibles en el ordenamiento jurídico, ya sea respecto de las Garantías o respecto del resto del patrimonio de la Prestataria. Podrá incluso optar, respecto de todo o parte del patrimonio de la Prestataria no afecto a garantías específicas, por modalidades especiales de ejecución tales como la realización por persona o entidad especializada o la administración para pago, estándose en tales casos a lo dispuesto en el Contrato de Garantías.



Poder a favor del Banco para solicitar la expedición de copias

- 27.3 El Banco queda desde este momento apoderado por todas las partes para solicitar la expedición de segundas copias del presente documento, a los efectos indicados en el artículo 517.2.4 de la Ley de Enjuiciamiento Civil, entendiéndose expedidas dichas copias de conformidad con todas las partes.

28. Fuerza mayor

- 28.1 El Banco no estará sujeto a responsabilidad alguna por el acaecimiento de un supuesto de Ruptura de Mercado.

29. Nulidad parcial

- 29.1 Si en cualquier momento, cualquier pacto contenido en este Contrato fuese considerado ilegal, nulo no exigible de acuerdo con las leyes de cualquier jurisdicción competente, la legalidad, validez o exigibilidad de las demás disposiciones del presente Contrato, o la legalidad, validez o exigibilidad de dicha disposición según las leyes de cualquier otra jurisdicción competente, no quedarán afectadas o menoscabadas de ninguna forma por tal circunstancia.

30. Reserva de acciones

- 30.1 La omisión o retraso en el ejercicio por parte del Banco de cualquier derecho o acción en virtud de este Contrato no se considerará como una renuncia de los mismos. El ejercicio singular o parcial de cualquier derecho o acción no impedirá el ejercicio ulterior de los mismos o el ejercicio de cualquier otro derecho o acción. Los derechos y acciones estipulados en este Contrato son cumulativos y no excluyentes de cualesquiera derechos o acciones legalmente previstos.

31. Modificaciones y autorizaciones puntuales ("waivers")

- 31.1 Los términos de este Contrato únicamente podrán ser modificados mediante acuerdo por escrito de las Partes.
- 31.2 La exigibilidad en el cumplimiento de los términos del Contrato podrá ser exonerada de manera puntual ("waiver") con el consentimiento previo y por escrito del Banco. Cualquier autorización puntual acordada de conformidad con lo dispuesto en el párrafo anterior será vinculante para todas las Partes.



Confidencialidad

32.1 Toda información relativa a los negocios, situación financiera y otros asuntos de carácter reservado de cualquiera de las Partes que haya llegado, o llegue en el futuro, a conocimiento de otra Parte como consecuencia de la negociación, otorgamiento o cumplimiento de los Documentos de la Financiación será considerada durante la vigencia de los mismos, así como con posterioridad a su vencimiento, como estrictamente confidencial. La citada información confidencial no podrá ser revelada a persona alguna a menos que:

- (i) El poseedor de tal información venga autorizado a revelar ésta en virtud de los Documentos de la Financiación.
- (ii) Dicho poseedor haya accedido legítimamente y con carácter previo a la citada información por causa distinta de su participación en los Documentos de la Financiación.
- (iii) Dicha información sea, o resulte, de público conocimiento por razón distinta de la conducta de su poseedor.
- (iv) El poseedor venga obligado a revelar dicha información en virtud de cualquier norma legal o resolución judicial, o como consecuencia de cualquier regulación, solicitud o requerimiento (tenga o no eficacia normativa) de cualquier banco central o autoridad administrativa o de otro tipo (incluyendo, sin limitación, aquéllas remitidas por cualquier inspector o representante de un banco central).
- (v) El poseedor necesite revelar tal información a fin de defender o ejercitar cualquiera de sus derechos derivados de los Documentos de la Financiación ante una Causa de Vencimiento Anticipado que afecte a la Prestataria.
- (vi) Las Partes hayan llegado a un acuerdo a tal efecto.
- (vii) El destinatario sea un asesor profesional que reciba dicha información bajo un deber de confidencialidad.

32.2 Las obligaciones de la presente cláusula se mantendrán vigentes y serán vinculantes a pesar de que se produzca la terminación del presente Contrato.

**Ley aplicable**

- 33.1 Este Contrato y las obligaciones de naturaleza extracontractual relativas al mismo se registrarán e interpretarán de acuerdo con las leyes comunes españolas.

34. Jurisdicción

- 34.1 Las Partes, con renuncia al fuero propio o a cualquier otro que por ley les pudiera corresponder, se someten al fuero de los Juzgados y Tribunales de Madrid para cuantas acciones y reclamaciones puedan derivarse de la interpretación o ejecución de este Contrato.

[SIGUE PÁGINA DE FIRMAS]



EN PRUEBA DE CONFORMIDAD, las Partes otorgan este Contrato en el lugar y fecha
indicados en el encabezamiento.

BANCO DE SABADELL, S.A.

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URTHECAST IMAGING, S.L.U.

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Redacted; Personal Information



Anexo 1

Definiciones e Interpretación del Contrato

Sección 1 – Glosario de Definiciones

	Término definido	Definición o lugar del Contrato donde se define el término definido
<i>Redacted: Lender Legal Counsel</i>	Asesor Legal del Banco	[REDACTED]
	Aval	Tiene el significado asignado en el expositivo IX de este Contrato.
	Aval Original	Tiene el significado asignado en el expositivo IX de este Contrato.
	Autoridad Sancionadora	(a) El Gobierno de Estados Unidos; (b) El Consejo de Seguridad de las Naciones Unidas; (c) La Unión Europea o (sin perjuicio del párrafo (d) siguiente), cualquiera de sus estados miembros; (d) El Reino Unido; o Las instituciones gubernamentales y agencias de cualesquiera de los anteriores, incluyendo, pero sin limitarse a, la Oficina de Control de Bienes Extranjeros (OFAC), el Departamento de Estado de Estados Unidos, el Departamento de Comercio de los Estados Unidos, El Departamento de Hacienda de los Estados Unidos, la Agencia Tributaria británica y el Departamento para el Comercio, Innovación y Desarrollo británico.
	Banco	BANCO DE SABADELL, S.A., o cual Entidad Elegible que sustituya a Banco de Sabadell, S.A., o a cualquier sucesor o cesionario de Banco de Sabadell, S.A. de conformidad con lo previsto en este Contrato; todo ello de acuerdo con los principios de interpretación previstos



Basilea III

en la Sección del presente **Anexo 1**.

A los efectos del presente Contrato se entiende por "Basilea III";

(i) los acuerdos sobre requisitos de capital, ratio de apalancamiento y estándares de liquidez recogidos en los documentos denominados "*Basel III: A global regulatory framework for more resilient Banks and banking systems*", "*Basel III: International framework for liquidity risk measurement, standards and monitoring*" y "*Guidance for national authorities operating the countercyclical capital buffer*", publicados por el Comité de Supervisión Bancaria de Basilea (Basel Committee on Banking Supervision) en diciembre de 2010; según cada uno de ellos sea modificado, complementado o actualizado;

(ii) las reglas para los bancos globales de importancia sistémica que figuran en el documento denominado "*Global systemically important Banks: assessment methodology and the additional loss absorbency requirement – Rules text*", publicado por el Comité de Supervisión Bancaria de Basilea (Basel Committee on Banking Supervision) en noviembre de 2011, según sea modificado, complementado o actualizado; y

(iii) cualesquiera otras directrices o estándares publicados por el Comité de Supervisión Bancaria de Basilea (Basel Committee on Banking Supervision) en relación con "Basilea III".

Cambio de Control

Tiene el significado asignado en la cláusula 5.1 de este Contrato.

**Cambio
Adverso**

Sustancial Significa aquellos hechos que tengan o puedan tener un efecto negativo y relevante sobre: (i) el negocio, la actividad comercial, las operaciones, los activos, la situación (financiera o de otro tipo) o las perspectivas de la Prestataria y/o del Grupo (tomado en consideración en su conjunto), entendiéndose por relevante aquellos



efectos que supongan una cuantía superior a 250.000 Euros; o (ii) la capacidad de la Prestataria y/o del Grupo (tomado en consideración en su conjunto) para cumplir con las obligaciones asumidas frente a terceros, incluidas las obligaciones frente al Banco derivadas de este Contrato; o (iii) la validez o exigibilidad de los derechos o acciones que correspondan al Banco en virtud de los Documentos de la Financiación salvo que ello sea exclusivamente imputable al Banco; o (iv) cualquier cuestión que pueda perjudicar la validez y plena ejecutabilidad de las Garantías, salvo que dicha circunstancia sea subsanada en un plazo de treinta (30) días desde la fecha en que se tenga conocimiento de dicha circunstancia.

Flujo de Excedentario	Caja	Tiene el significado asignado en la cláusula 5.12 de este Contrato.
Causa de Vencimiento Anticipado		Tiene el significado asignado en la cláusula 5.12 de este Contrato.
Certificado Cumplimiento	de	Tiene el significado asignado en la cláusula 16.9 de este Contrato.
CMOF		Tiene el significado asignado en el Expositivo VI de este Contrato.
Condiciones Distribución	de	Tiene el significado asignado en la cláusula 19.6 de este Contrato.
Contrato		Tiene el significado asignado en el Expositivo X de este Contrato.
Contrato Acreedores	entre	Tiene el significado asignado en el Expositivo VIII de este Contrato.
Contrato de Cobertura		Tiene el significado asignado en el Expositivo VI de este Contrato.
Contrato Compraventa	de	Tiene el significado asignado en el Expositivo II de este Contrato; se hace constar que este concepto incluye todos los anexos del Contrato de Compraventa así como



cualquier acuerdo, carta, contrato o documento accesorio, relacionado, vinculado o inherente al Contrato de Compraventa.

Contrato de Garantías

Tiene el significado asignado en el Expositivo VII de este Contrato.

Costes de Ruptura

El importe en que: (a) los intereses que se hubiesen devengado durante el periodo que media entre (i) la fecha de amortización anticipada, total o parcial, del Préstamo o el abono, total o parcial, de una cantidad impagada y (ii) la fecha en que finalizaba el siguiente Periodo de Intereses o el Periodo de Interés aplicable a la cantidad impagada de que se trate; exceden de (a) la cantidad que se hubiese obtenido mediante el depósito en un banco de primera fila de la zona Euro de un importe igual al principal o la cantidad impagada abonados anticipadamente y durante el periodo que media entre (i) el día hábil inmediatamente posterior a la recepción de tales importes y (ii) la fecha en que finalizaba el mencionado Periodo de Intereses.

Contratos Garantizados

Tiene el significado asignado en el Expositivo VII de este Contrato.

Costes Necesarios

Tiene el significado asignado en la cláusula 8.1 de este Contrato.

CRD IV

A los efectos del presente Contrato se entiende por "CRD IV":

(i) Reglamento (UE) 575/2013, de 26 de junio, del Parlamento Europeo y del Consejo, sobre los requisitos prudenciales de las entidades de crédito y las empresas de inversión; y

(ii) Directiva 2013/36/UE, de 26 de junio, del Parlamento Europeo y del Consejo, relativa al acceso a la actividad de las entidades de crédito y las empresas de inversión y a la supervisión prudencial de las entidades

**CRSD**

de crédito y las empresas de inversión.

Tiene el significado asignado en la cláusula 17.6 de este Contrato.

Cuenta Indisponible	Central	Tiene el significado asignado en la cláusula 17.6 de este Contrato.
Cuenta Contable		Tiene el significado asignado en la cláusula 17.6 de este Contrato.
Cuenta de Cobros y Pagos		Tiene el significado asignado en la cláusula 17.6 de este Contrato.
Cuentas de Financiación	la	Tiene el significado asignado en la cláusula 17.6 de este Contrato.
Deuda Existente	Intra-Grupo	Tiene el significado asignado en el Expositivo VIII de este Contrato, tal y como la misma está identificada en el <u>Anexo 3</u> del Contrato.
Deuda Subordinada		Significa cualquier deuda que la Prestataria tenga con el Socio que deberá mantenerse en un nivel respecto de Fondos Propios que permita la deducibilidad de gastos financieros conforme a la Ley del Impuesto de Sociedades.
Distribuciones		Tiene el significado asignado en la cláusula 19.6 de este Contrato.
Documentos de Financiación	la	Tiene el significado asignado en el Expositivo X de este Contrato.
Endeudamiento Financiero		Tiene el significado asignado en la cláusula 19.1 de este Contrato.
Endeudamiento Financiero Permitido		Tiene el significado asignado en la cláusula 19.1 de este Contrato.
Entidades de Referencia		Tiene el significado asignado en la cláusula 8.5 de este Contrato.

**Entidad Elegible**

Tiene el significado asignado en la cláusula 22.1 de este Contrato.

Estados Financieros

Las cuentas anuales de la Prestataria (incluyendo balance, cuenta de pérdidas y ganancias y memoria), el informe de gestión y un informe de flujos de caja correspondientes a dicho ejercicio finalizado.

EURIBOR

Tiene el significado asignado en la cláusula 8 de este Contrato.

EURIBOR Sustitutivo

Tiene el significado asignado en la cláusula 8 de este Contrato.

Fecha de Entrega

Tiene el significado asignado en la cláusula 3.1 de este Contrato.

Fecha de Pago de Intereses

Tiene el significado asignado en la cláusula 7.2 de este Contrato.

Fecha de Vencimiento Final

Tiene el significado asignado en la cláusula 4.1 de este Contrato.

Filial

Significa, en relación con cualquier compañía, aquella compañía que es controlada, directa o indirectamente en los términos previstos en el artículo 42 del Código de Comercio, por aquélla.

Flujo de Caja Generado

Tiene el significado asignado en la cláusula 5.5 de este Contrato.

Fondos Propios

Significa en cada momento la suma de capital social, prima de asunción y la Deuda Subordinada.

Garantías

Los derechos reales de garantía constituidos y/u otorgados, y/o que se constituyan y/u otorguen por la Prestataria, el Socio y/o cualesquiera terceros a favor del Banco en virtud del Contrato de Garantías o de aquellos otros documentos en virtud de los cuales se constituyan cualesquiera garantías personales y/o reales en beneficio del Banco en garantía de las obligaciones asumidas por

**Garantías Permitidas**

la Prestataria en virtud del Contrato.

Grupo

Tiene el significado asignado en la cláusula 19.3 de este Contrato.

Significa la Prestataria y sus Filiales en cada momento, incluidas las Sociedades.

Interés de Ruptura de Mercado

Tiene el significado asignado en la cláusula 10.2 de este Contrato.

Listado de Sanciones

Cualquier listado de individuos o entidades (o equivalente) específicamente designados custodiado por cualesquiera Autoridades Sancionadoras, incluyendo, sin limitarse a, (i) el listado de "*Personas Bloqueadas o Individuos Especialmente Designados*" custodiado por la Oficina de Control de Bienes Extranjeros (OFAC) estadounidense; (ii) el listado consolidado de personas, grupos o entidades objeto de sanciones de la Unión Europea administrado por el Servicio de Acciones Externas Europeo; y (iii) el Listado Consolidado de Objetivos de Sanciones Financieras y el Listado de prohibiciones de Financiación custodiado por la Autoridad Tributaria británica, y sus respectivos instrumentos de modificación, complementariedad o sustitución eventuales.

Manifestaciones y Garantías

y Son las manifestaciones, declaraciones y garantías que se recogen en la cláusula 15.1 de este Contrato.

Margen

Tiene el significado asignado en la cláusula 8.1 de este Contrato.

Nueva Moneda

Tiene el significado asignado en la cláusula 23.6 de este Contrato.

País Sancionado

Cualquier país o territorio que sea objeto de Sanciones amplias y generales, ya sean de país o territoriales.

Partes

Conjuntamente, la Prestataria y el Banco, en los términos expuestos en las comparecencias del presente Contrato.

**Parte Restringida**

Cualquier persona que:

- (a) Esté inscrita, o que sea titularidad de, o esté controladas por, una persona inscrita en, o que actúa en nombre de una persona inscrita en, un Listado de Sanciones;
- (b) Sea miembro del gobierno de un País Sancionado;
- (c) Esté situado en o constituido conforme a las leyes de cualquier País Sancionado; o
- (d) Resulta objeto de Sanciones de algún otro modo.

Período de Negociación de Ruptura de Mercado Tiene el significado asignado en la cláusula 10 de este Contrato.

Prestataria URTHECAST IMAGING, S.L.U.

Propiedad Intelectual Cualquier patente, marca, diseños, nombres comerciales, derechos de autor, derechos de diseño, inventos, información confidencial, "know how" y otros derechos de propiedad industrial o intelectual semejantes, registrados o no, que sean titularidad o que puedan ser legítimamente utilizados por la Prestataria o las sociedades de su Grupo.

Ratio de Apalancamiento Tiene el significado asignado en la cláusula 17.2 de este Contrato.

Ratios Financieros Tiene el significado asignado en la cláusula 17 de este Contrato.

RCSD Para cada periodo de doce (12) meses será la relación entre el Flujo de Caja Generado y el Servicio de la Deuda. El RCSD se calculará y verificará por la Prestataria y el auditor (este último sólo en relación con el RCSD calculado tomando como base para su cálculo los datos cerrados a 31 de diciembre del año al que se refieran). Este ratio se calculará por primera vez en



	relación con el ejercicio finalizado el 31 de diciembre de 2016.
Ruptura de Mercado	Tiene el significado asignado en la cláusula 10 de este Contrato.
Sanciones	Sanciones económicas y financieras o comerciales, embargos o medidas restrictivas impuestas, administradas o ejecutadas eventualmente por cualquier Autoridad Sancionadora.
Servicio de la Deuda	Tiene el significado asignado en la cláusula 5.12 de este Contrato.
Sociedad I	DEIMOS IMAGING, S.L.U.
Sociedad II	DOT IMAGING, S.L.U.
Sociedades	Significa conjuntamente la Sociedad I y la Sociedad II.
Socio	UTHERCAST INTERNATIONAL CORP., entidad debidamente constituida, organizada y existente de acuerdo con las leyes de Canadá, en vigor a este respecto, con domicilio social en 2600 — 595 Burrard Street, Vancouver, British Columbia, Canadá V7X 1L3, Canadá, inscrita en el Registro Mercantil de Sociedades de Canadá, con número de identificación fiscal canadiense 821294964 y número de identificación fiscal español N4041514C.
Supuesto Amortización Obligatoria	de Cualquiera de los supuestos de amortización anticipada obligatoria que expresamente prevé la cláusula 5 de este Contrato.
Supuesto Interrupción	de Significa cualquiera de las circunstancias siguientes (o, en su caso, ambas): (a) Una interrupción grave en los sistemas de pago o comunicaciones o de aquellos mercados financieros que se requiera que estén funcionando



con normalidad a efectos de poder realizar pagos en relación con la financiación (o, en otro caso, para poder llevar a cabo las operaciones contempladas en los Documentos de la Financiación) cuando la interrupción no haya sido causada por cualquiera de las Partes; o

- (b) El acontecimiento de cualquier suceso que derive en una interrupción (de carácter técnico o relacionada con los sistemas tecnológicos) de las operaciones de tesorería o pagos del Banco impidiendo que la Prestataria: (1) dé cumplimiento a sus obligaciones de pago bajo los Documentos de la Financiación; o (2) se comuniquen con el Banco de acuerdo con los términos de los Documentos de la Financiación.

y que (en cualquiera de los dos casos) no sea causado por, y esté fuera del control de la Prestataria.

Tipo de Interés	Tiene el significado asignado en la cláusula 8.10 de este Contrato.
Tipo de Interés de Demora	Tiene el significado asignado en la cláusula 9 de este Contrato.
Tipo de Interés Ordinario	Tiene el significado asignado en la cláusula 8 de este Contrato.
Tipo de Interés Sustitutivo Principal	Tiene el significado asignado en la cláusula 8 de este Contrato.
Tipo de Interés Sustitutivo Subsidiario	Tiene el significado asignado en la cláusula 8 de este Contrato.
Tipos de Interés Sustitutivos	Tiene el significado asignado en la cláusula 8 de este Contrato.
Tipo en Pantalla	El tipo porcentual anual determinado por la Federación Bancaria Europea y la "Financial Markets Association" (ACI)] y mostrado por la página de Reuters que resulte



de aplicación en cada momento. Si el servicio de Reuters dejase de estar disponible, el Banco determinará, previa consulta con la Prestataria, el proveedor de la página correspondiente.

Tramo A

Tiene el significado asignado en la cláusula 2 de este Contrato.

Tramo B

Tiene el significado asignado en la cláusula 2 de este Contrato.



Sección 2 – Interpretación

Criterios de Interpretación Generales

Salvo indicación contraria, regirán los siguientes principios en materia de interpretación general del Contrato:

El “**Banco**” deberá interpretarse como que incluye a sus sucesores en el título, cesionarios autorizados y adquirentes autorizados, sean éstos entidades de crédito o no. En caso de pluralidad de prestamistas, cualquier referencia al Banco deberá entenderse sustituida por el término “**Prestamistas**”.

El término “**activos**” incluye propiedades presentes y futuras, ingresos y derechos de cada descripción.

Un “**Documento de Financiación**” es una referencia a ese Documento de Financiación u otro acuerdo tal y como ha sido rectificado, novado, complementado, extendido o refundido.

Una “**ley**” se interpretará como cualquier ley, decreto, sentencia, tratado, reglamento, directiva, orden o cualquier otra medida legislativa nacional, local, regional o supranacional, de cualquier organismo o tribunal gubernamental, reglamentario o legislativo.

Una “**persona**” incluye cualquier persona, empresa, sociedad, corporación, gobierno, estado o agencia estatal o cualquier asociación, fondo fiduciario o sociedad colectiva (ya tenga o no personalidad jurídica independiente) de dos o más de los anteriores.

Una “**regulación**” incluye cualquier reglamento, regla, directiva oficial o directriz obligatoria (tenga o no fuerza de ley) de cualquier organismo gubernamental, intergubernamental o supranacional, agencia, departamento o ente regulador, autoregulador u otra autoridad u organismo.

Un “**sucesor**” deberá ser interpretado para incluir un cesionario o sucesor en el título de dicha parte y cualquier persona que, bajo las leyes de su jurisdicción de incorporación o domicilio, haya adquirido los derechos y obligaciones de dicha parte de acuerdo con lo establecido en este Contrato o a la cual, de acuerdo con dichas leyes, le han sido transferidos tales derechos y obligaciones.



Esta disposición de ley es una referencia a esa disposición en su versión modificada, corregida, o vuelta a promulgar.

Los términos en plural podrán adoptar el singular, y a la inversa, cuando el contexto lo requiera.

Los títulos de las Secciones, Cláusulas y Anexos se incluyen únicamente para facilitar su localización.

Criterios de Interpretación a efectos de cómputo de plazos

A efectos del cómputo de los plazos previstos en este Contrato y salvo que expresamente se establezca otra cosa en el mismo:

Por “horas”; se entiende el horario de Madrid (España).

Por “día”; todos los días del calendario gregoriano. En los plazos señalados por días, éstos se entenderán naturales salvo que se establezca expresamente lo contrario.

Por “día hábil”:

A efectos de pagos, se considerará día hábil cualquier día de la semana, excepto los días festivos fijados como tales en el calendario del sistema de pagos en euros TARGET02 (“*Trans-European Automated Real-Time Gross Settlement Express Transfer System*”).

A los restantes efectos, cualquier día de la semana, excepto los sábados y los días festivos fijados como tales por el calendario oficial para la ciudad de Madrid.

Por “semana”; el período comprendido entre un día determinado y el mismo día de la semana siguiente, ambos inclusive.

Por “mes”; el período comprendido entre un día determinado y el día del mismo número del mes siguiente, ambos inclusive, salvo que tal mes siguiente no contase con un día de ese número, en cuyo caso terminará el último día de ese mes siguiente.

Por “año”; el año natural que transcurre desde el 1 de enero al 31 de diciembre, ambos inclusive.



Anexo 2

Condiciones Precedentes a la Firma del Contrato

1. Obtención de la autorización del comité de riesgos del Banco.
2. Cumplimiento de requisitos "*Know Your Customer*" y cualesquiera otros requisitos en materia de blanqueo de capitales a satisfacción del Banco.
3. La Prestataria y el Socio declaran que han cumplido, obtenido o realizado y se encuentran en vigor todos los actos, aprobaciones y autorizaciones, condiciones y trámites, ya sean requeridos por la ley o por sus respectivos estatutos sociales u otros documentos societarios que deban ser realizados o cumplidos con el fin de: (1) permitir la celebración lícita de los Documentos de la Financiación de los que son parte, así como el ejercicio de los derechos y el cumplimiento de las obligaciones expresamente asumidas por la Prestataria y el Socio en virtud de los Documentos de la Financiación; y (2) asegurar que las obligaciones que asumen la Prestataria y el Socio en virtud de los Documentos de la Financiación de los que son parte son legales, válidas y vinculantes.
4. Entrega de documentación societaria en relación con la Prestataria, el Socio y en relación con los puntos a) y b), las sociedades del Grupo.
5. Copia de la escritura de constitución.
6. Copia de los estatutos sociales vigentes (versión consolidada).
7. Copia de la escritura pública apoderando a los firmantes de los Documentos de la Financiación a actuar en nombre y representación de la Prestataria, así como facsímiles ("*specimen signature*") de las firmas de dichos firmantes.
8. Certificado de existencia y vigencia ("*goodstanding certificate*") emitido por el Registro Mercantil de Sociedades de Canada en relación con el Socio no más tarde de los diez (10) días anteriores a la firma de este Contrato.
9. Entrega de los Estados Financieros originales de la Prestataria.
10. Entrega de una opinión del Asesor Legal del Banco en relación con los Documentos de la Financiación y la capacidad de la Prestataria para suscribirlos.
11. Entrega de una opinión legal de derecho canadiense, emitida por un despacho de abogados de prestigio de Canadá, como asesor legal del Socio, sobre la capacidad del Socio para suscribir los Documentos de la Financiación de los que es parte, en términos satisfactorios para el Banco.



12. Entrega de una opinión legal de derecho de Malta, emitida por un despacho de abogados de prestigio de Malta, como asesor legal de UrtheCast Investments (Malta) Limited, sobre la capacidad de esta sociedad para suscribir los Documentos de la Financiación de los que es parte, en términos satisfactorios para el Banco.
13. Entrega de notas simples informativas (literales, es decir, no on-line) emitidas por el Registro Mercantil que corresponda en relación con cada la Prestataria y en relación con cada una de las Sociedades no más tarde de los diez (10) días anteriores a la firma de este Contrato.
14. Entrega de una copia del Contrato de Compraventa y declaración de que el mismo es plenamente eficaz y efectivo.
15. Que se hayan formalizado todos los Documentos de la Financiación, siendo exigibles en todos sus términos.
16. Que se haya devuelto el Aval Original a la Prestataria.
17. Que haya otorgado la cancelación de la Prenda Original y se haya producido la liberación de los Fondos Liberados.
18. Que todas las Garantías otorgadas de conformidad con lo dispuesto en el Contrato de Garantías sean válidas y eficaces y se encuentren en vigor y que se hayan otorgado los correspondientes poderes irrevocables por parte del Socio y la Prestataria a favor del Banco.
19. Que no exista un supuesto de Ruptura de Mercado.
20. Que no se haya producido un Cambio Sustancial Adverso y que la entrega del Préstamo no tenga como efecto la producción de un Cambio Sustancial Adverso.
21. Que la Prestataria esté al corriente en el cumplimiento de sus obligaciones de conformidad con lo previsto en este Contrato y que la entrega del Préstamo no tenga como efecto un incumplimiento de la Prestataria de cualquiera de sus obligaciones bajo el Contrato.
22. Que la Prestataria no se encuentre incurso en una Causa de Vencimiento Anticipado y que la entrega del Préstamo no tenga como efecto el acaecimiento de una Causa de Vencimiento Anticipado.
23. Que no exista ningún supuesto de fuerza mayor de acuerdo con lo previsto en este Contrato.
24. De acuerdo con la hoja de encargo y mandato del Asesor Legal del Banco, suscrita y aceptada por la Prestataria, que los honorarios legales y los costes y gastos razonables y debidamente justificados incurridos por el Asesor Legal del



Banco de acuerdo con la referida hoja de encargo, hayan sido transferidos a la cuenta del Asesor Legal del Banco con los siguientes datos –acreditándose esta condición mediante copia de la orden de transferencia–:

Cuenta [REDACTED]

IBAN: [REDACTED]

SWIFT: [REDACTED]

Redacted: Banking Information



Anexo 3

Deuda Intra-Grupo Existente

1. Pagaré no endosable denominado "*Non-Endorsable Promissory Note*" y sujeto a las leyes de la Columbia Británica, suscrito el 1 de octubre de 2015, por Urthecast Imaging, S.L.U. (como suscriptor) y Urthecast Investments (Malta) Limited (como beneficiario), por importe de 46.031.923 Euros.
2. Contrato de cesión de deuda denominado "*Transfer of Debt Agreement*" y sujeto a las leyes de la Columbia Británica, suscrito el 1 de octubre de 2015, por UrtheCast International Corp. (como cedente), Urthecast Investments (Malta) Limited (como cesionario) y la Urthecast Imaging, S.L.U. (como prestataria), por importe de 46.644,590 Euros.



Anexo 4

Copia del Aval



Sabadell

BANK GUARANTEE AT FIRST DEMAND

Redacted:
Personal
Information

Banco de Sabadell, S.A. with N.I.F. A-08000143, with registered office at Pl. de Sant Roc 20, 08201 Sabadell - SPAIN, registered in the Registro Mercantil de Barcelona, Tomo 20093, Folio 1, Hoja B-1561 (hereinafter, the "Bank") and on its name and behalf of [REDACTED] with [REDACTED] and Mr. [REDACTED] with NIF [REDACTED] with enough faculties for this act, pursuant to powers of attorney granted by means of public deeds granted before the Public Notary of Barcelona and Sabadell, Mr. Miguel Alvarez y Angel and Mr. Javier Micó Giner, on 16/12/2010 and 05/10/2006, with numbers 2875 and 60992 of their public records respectively,

GUARANTEES AND SECURES

Redacted:
Prior
Corporate
Name

Jointly, the due and timely fulfilment by URTHECAST IMAGING, S.L.U. and holder of Tax Identification Number B87290821, formerly called [REDACTED] (the "Purchaser" or the "Guaranteed Party") of its obligations vis-à-vis Delmos Space, S.L., a corporation duly incorporated under the laws of Spain with registered offices at Tres Cantos (Madrid), Calle Ronda de Poniente, 19, 2-2nd floor, and holder of Tax Identification Number B83028084, and Eleonor, S.A., a corporation duly incorporated under the laws of Spain with registered offices at Madrid, Marqués de Mondejar 33 and holder of Tax Identification Number A48027056 (the "Sellers"; the Sellers and any other company or person succeeding or acquiring the Sellers' contractual position under the Agreement - as defined below - shall be jointly referred to as the "Beneficiaries") arising under the agreement entered into on 22nd June, 2015, by the Sellers and as purchaser, originally Urthecast International Corp. Sucursal en España, who later assigned its contractual position as such to the Purchaser, named "Share Purchase And Sale Agreement of DEIMOS IMAGING S.L.U. and DOT IMAGING S.L.U." for the sale by the Sellers to the Purchaser of the shares of Deimos Imaging, S.L.U. and of Dot Imaging, S.L.U. (hereinafter, as such agreement may be amended from time to time "Agreement") in relation to Clause 7.4.3 (within

AVAL A PRIMER REQUERIMIENTO

Banco de Sabadell, S.A. con N.I.F. A-08000143, con domicilio social en Pl. de Sant Roc 20, 08201 Sabadell, inscrito en el Registro Mercantil de Barcelona Tomo 20093, Folio 1, Hoja B-1561 (el "Banco") y en su nombre y representación D. [REDACTED] con NIF [REDACTED] con facultades bastantes para este acto, según poderes otorgados a su favor mediante escritura pública otorgada ante los Notarios de Barcelona y Sabadell, D. Miguel Alvarez y Angel y D. Javier Micó Giner, en fechas 16/12/2010 y 05/10/2006, con números de protocolo 2875 6092 respectivamente,

AVALA Y AFIANZA

Solidariamente el exacto y puntual cumplimiento por URTHECAST IMAGING, S.L.U. con NIF B87290821, antes denominada [REDACTED] (el "Purchaser" o la "Parte Garantizada") de sus obligaciones frente a Delmos Space, S.L.U., sociedad debidamente constituida y existente de acuerdo con las leyes de España, con domicilio social en Tres Cantos (Madrid), Calle Ronda de Poniente, 19, 2-2^a planta y con NIF B83028084, y Eleonor, S.A., sociedad debidamente constituida y existente de acuerdo con las leyes de España, con domicilio social en Madrid, Marqués de Mondejar 33 y con NIF A48027056 (los "Sellers"; los Sellers y cualquier otra compañía que suceda o adquiera la posición contractual de los Sellers bajo el Contrato - según se define posteriormente - se denominan conjuntamente como los "Beneficiarios") que deriven del contrato celebrado el día 22 de junio de 2015 por los Sellers y como comprador, inicialmente por Urthecast International Corp. Sucursal en España, que cedió posteriormente su posición contractual como tal al Purchaser, denominado "Share Purchase And Sale Agreement of DEIMOS IMAGING S.L.U. and DOT IMAGING S.L.U." para la venta

Clause 7.4 "Subsidies"), Clause 7.8.2 (within Clause 7.8 "Soft Loans Remaining"), the DCM Services Payment and the Contingent Increase of the Purchase Price (as these terms are defined in the Agreement), and for a total maximum amount of Five Million euros (5,000,000 EUR).

Automatic Reduction of the maximum amount guaranteed. The maximum amount guaranteed hereunder would be automatically reduced up to the amount indicated below, upon receipt by the Bank, in any of its branches or offices, a communication from the Guaranteed Party requesting such reduction (the "**Request of Reduction**"), provided that this is accompanied with copy of the notarial request sent to Elecnor, S.A. by the Guaranteed Party: (a) notifying in said notarial request that has taken place one of the events indicated in Clause 7.5.2 (within Clause 7.5 "*Purchaser's Guarantee. Satisfaction of the obligations to the Target Companies and the Purchaser after the Closing Date*"), of the Agreement that imply the automatic reduction of the guaranteed amount hereunder, a detailed description of such event and the amount to which the maximum amount guaranteed shall be reduced as per the following paragraph; (b) that includes (said notarial request) evidence: (b.1) of the amounts of DCM Services Payment and Contingent Increase in the Purchase Price satisfied up to then; and (b.2) of the release of Delmos Space, S.L.U. as guarantor under the loan granted to Delmos Imaging, S.L.U. by Centro para el Desarrollo Tecnológico Industrial (CDTI) by means of the public deed granted before the public notary of Madrid Mr. Miguel Angel Buitrago Novoa on 26th March 2014, with number 181 of his public record or cancellation of such loan by Delmos Imaging, S.L.U.; and (c) that the said deed has been closed in the regulated term of two (2) working days without an answer from Elecnor, S.A. opposing to such reduction with the corresponding justification.

For the avoidance of doubt, the maximum amount guaranteed hereunder shall not be reduced in accordance with the preceding paragraph if before the said deed is closed in the aforementioned term, it contains the

por los Sellers al Purchaser de las participaciones de Delmos Imaging, S.L.U. y de Dot Imaging, S.L.U. (en lo sucesivo, tal y como sea modificado en el futuro, el "**Contrato**") en relación con la Cláusula 7.4.3 (dentro de la Cláusula 7.4 "Subsidies"), Cláusula 7.8.2 (dentro de la Cláusula 7.8 "Soft Loans Remaining"), los DCM Services Payment y el Contingent Increase of the Purchase Price (según se definen estos términos en el Contrato), por una cantidad máxima total de Cinco Millones de euros (5,000,000 EUR).

Reducción automática del importe máximo garantizado. El importe máximo garantizado por este aval quedará reducido automáticamente hasta el importe que se señala posteriormente, en el momento en que el Banco reciba, en cualquiera de sus sucursales u oficinas, una comunicación de la Parte Garantizada solicitando dicha reducción (la "**Solicitud de Reducción**"), siempre y cuando acompañe a la citada Solicitud de Reducción copia del acta de requerimiento notarial enviado a Elecnor, S.A. a solicitud de la Parte Garantizada: (a) notificándole en dicho acta que ha tenido lugar una de las circunstancias señaladas en la Cláusula 7.5.2 (dentro de la Cláusula 7.5 "*Purchaser's Guarantee. Satisfaction of the obligations to the Target Companies and the Purchaser after the Closing Date*"), del Contrato que conllevan la reducción automática del importe aquí garantizado, una descripción detallada de la citada circunstancia y el importe al que deba quedar reducido el presente aval según lo señalado en el siguiente párrafo; (b) que incluya (dicho acta) acreditación: (b.1) de los importes del DCM Services Payment y Contingent Increase in the Purchase Price que se hubieran satisfecho hasta ese momento y (b.2) de la liberación de Delmos Space, S.L.U. como fiador del préstamo concedido a Delmos Imaging, S.L.U. por el Centro para el Desarrollo Tecnológico Industrial (CDTI) mediante escritura otorgada ante el notario de Madrid D. Miguel Angel Buitrago Novoa el día 26 de marzo de 2014, con número 181 de su protocolo o cancelación de dicho préstamo por Delmos Imaging, S.L.U.; y (c)



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aforementioned answer from Eleonor, S.A. opposing to the reduction together with the corresponding justification.

Shall the Request of Reduction take place the maximum amount guaranteed will be automatically reduced with effects as from reception by the Bank of the Request of Reduction, so that said amount is equal to 4,700,000 Euros (ie, the amount of DCM Services Payment plus the Contingent Increase in the Purchase Price) minus the amounts satisfied up to then that are indicated in the notarial request that is attached to the Request of Reduction.

The maximum amount guaranteed hereunder as reduced by virtue of a Request of Reduction is referred to as the **"Maximum Amount"**.

The Bank shall make effective this guarantee upon receipt, in any of its branches or offices, of simple request by the Beneficiaries (hereinafter the **"Execution Request"**), provided that it includes a written declaration, signed by a person with sufficient powers for this and under his/her responsibility, in which the Beneficiaries indicate that there has been a damage of which the Guaranteed Parties or any of them is liable and is guaranteed hereunder, a detailed description of the facts from which such damage has arisen and the amount of such damage. The Bank shall not allege any right, setting off right, objection and/or exception which the Bank itself and/or the

que se hubiera cerrado en el plazo reglamentario de dos (2) días hábiles sin que conste dicho acta la contestación de Eleonor, S.A. oponiéndose a que deba tener lugar tal reducción y aportando la debida justificación a dicha oposición.

Para evitar dudas, el importe máximo garantizado por este aval no quedará reducido en virtud de lo señalado en el párrafo anterior, en caso de que en el mencionado acta de requerimiento, antes de que se cierre en el plazo antes señalado, conste la citada contestación de Eleonor, S.A. oponiéndose a que deba tener lugar tal reducción y aportando la debida justificación.

En caso de que tenga lugar la Solicitud de Reducción quedará automáticamente reducido el importe máximo garantizado con efectos del día en que el Banco reciba la Solicitud de Reducción, de forma que dicho importe máximo sea igual a 4.700.000 Euros (es decir, el importe del DCM Services Payment más el Contingent Increase in the Purchase Price) menos los importes satisfechos hasta esa fecha en concepto de DCM Services Payment y de Contingent Increase in the Purchase Price que se indiquen en el acta de requerimiento que se acompaña a la Solicitud de Reducción.

El importe máximo garantizado según sea reducido en virtud de la Solicitud de Reducción se denomina en lo sucesivo **"Importe Máximo"**.

El Banco hará efectivo este aval tras la recepción, en cualquiera de sus sucursales u oficinas, del simple requerimiento escrito por los Beneficiarios (el **"Requerimiento de Ejecución"**), siempre y cuando acompañe al citado Requerimiento de Ejecución una declaración escrita, firmada bajo su responsabilidad por persona debidamente apoderada al efecto, en que el Beneficiario indique que se ha producido un daño del que deben responder las Partes Garantizadas o cualquiera de ellas y que dicho daño esté garantizado por el

Guaranteed Party may have against the Beneficiaries.

presente aval, una descripción detallada de los hechos de los que entiende se deriva dicho daño y el importe de dicho daño. El Banco no podrá oponer derecho, compensación, objeción y/o excepción alguna que el Banco o la Parte Garantizada pudieran tener frente a los Beneficiarios.

The present guarantee may be executed by the Beneficiaries partially and in one or more occasions until the total Maximum Amount, jointly, is reached.

El presente aval se podrá ejecutar por los Beneficiarios parcialmente y en una o más ocasiones hasta que se alcance, en su conjunto, el Importe Máximo del aval.

The Bank shall deliver to the Beneficiaries the amount that is indicated in each Execution Request, until the total Maximum Amount of this guarantee is reached, within the three (3) days following to the date on which the Bank receives it, through a wire bank transfer to the bank account that the Beneficiaries designate to these effects in each Execution Request.

El Banco entregará a los Beneficiarios el importe que los Beneficiarios indiquen en cada Requerimiento de Ejecución, hasta que se alcance en total el Importe Máximo del aval, dentro de los tres (3) días siguientes a la fecha en que el Banco lo reciba, mediante transferencia bancaria a la cuenta corriente que a estos efectos designen los Beneficiarios en cada Requerimiento de Ejecución.

The present guarantee shall remain in force until the 28th September, 2020 (the "**Expiration Date**"); as an exception: (i) if on or before the Expiration Date the Beneficiaries had sent to the Bank a notice indicating the existence of a claim and its intention to draw down on this guarantee in the future in relation to such claim ("**Notification to Block**"), then this guarantee shall remain in force after the Expiration Date, for the estimated amount of such claim notified in the Notice to Block for an indefinite period of time and until the earlier of the following dates: (a) that in which the Beneficiaries send an Execution Request in relation to said claim; (b) that in which the Beneficiaries communicate to the Bank that said claim has been fully satisfied or, as the case may be, dismissed; and (c) that in which the Guaranteed Party sends to the Bank a communication in which it is evidenced that said claim has been fully satisfied or, as the case may be, dismissed, together with the express acceptance signed by any of the Beneficiaries; and (ii) if on or before the Expiration Date the Beneficiaries had sent to the Bank an Execution Request which is pending payment by the Bank on such Expiration Date, this guarantee shall remain in force after the Expiration Date until the said Execution Request has been duly and definitely fulfilled and paid by the Bank.

El presente aval se mantendrá vigente hasta el día 28 de septiembre de 2020 (la "**Fecha de Expiración**"); como excepción: (i) si en la Fecha de Expiración o antes los Beneficiarios hubieran enviado al Banco una notificación indicando la existencia de una reclamación y su intención de ejecutar en el futuro el presente aval en relación con ella ("**Notificación de Bloqueo**"), se mantendrá vigente el presente aval más allá de la mencionada Fecha de Expiración, por el importe estimado de dicha ejecución que los Beneficiarios hubieran notificado en la Notificación de Bloqueo al Banco por tiempo indefinido y hasta la anterior de las siguientes fechas: (a) aquella en la que los Beneficiarios envíen un Requerimiento de Ejecución en relación con dicha reclamación; (b) aquella en la que los Beneficiarios comuniquen al Banco que la citada reclamación ha sido plenamente satisfecha o, en su caso, desestimada, y (c) aquella en la que la Parte Garantizada envíe al Banco una comunicación en que se ponga de manifiesto que dicha reclamación ha sido plenamente satisfecha o, en su caso, desestimada, junto con la conformidad expresa firmada por cualquiera de los Beneficiarios; y (ii) si en

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Where at any time the rights under this guarantee will pertain to more than one natural or legal person, such persons will be separately and collectively entitled to the rights hereunder, and each and any of them will be able to exercise these rights individually. This means that payment by the Bank to one of these persons will release the Bank, up to the amount actually paid, from all liability hereunder against all other persons involved.

The present guarantee shall be interpreted and governed under common Spanish Law. In addition, expressly waiving its rights to any other jurisdiction hereby submit itself to the jurisdiction of the Courts of the city of Madrid.

In case of discrepancy concerning the text of this guarantee the text in Spanish shall prevail.

This guarantee has been registered on the date hereof in the special bank guarantees' registry under the number 10001038911.

In Madrid, on 11th December 2015.

BANCO DE SABADELL, S.A.
p.p. [Redacted Signature]

Fdo.: [Redacted Signature]

la Fecha de Expiración o antes los Beneficiarios hubieran enviado al Banco un Requerimiento de Ejecución que en la Fecha de Expiración esté pendiente de pago por parte del Banco, el presente aval se mantendrá vigente después de la Fecha de Expiración hasta que dicho Requerimiento de Ejecución sea debida y definitivamente atendido y pagado por el Banco.

Cuando en cualquier momento los derechos conferidos por este aval pertenezcan a más de una persona física o jurídica, tales personas serán titulares solidarios de los mismos y cualquiera de ellos podrá ejercitarlos de forma individual. Esto significa que el pago por el Banco a una de estas personas liberará al Banco, hasta la cantidad que hubiera realmente pagado, de toda responsabilidad que pudiera tener frente a las demás personas que intervengan en el aval.

El presente aval se interpretará y regirá por el derecho común español. Asimismo, con renuncia expresa a cualquier otro fuero que pudiera corresponderle se somete a la jurisdicción de los tribunales de Madrid capital.

En caso de discrepancia con respecto al texto del presente aval prevalecerá lo estipulado en idioma español.

Este aval ha sido inscrito en esta misma fecha en el registro especial de avales con el número 10001038911.

En Madrid, a 11 de diciembre de 2015.

BANCO DE SABADELL, S.A.
p.p. [Redacted Signature]

Fdo.: D. [Redacted Signature]

Redacted: Personal Information

M-13899 | H-12 Banco de Sabadell, S.A. Pl. de Sant Ilce, 20 (Sabadell) - Tel. 938 100 000, Telex 20093, Telex 1, Telex 8 1601 - Cif A08000143



Sabadell

PÓLIZA PARA OPERACIONES BANCARIAS

Núm. **727046307442**
5213-01315836

De una parte Banco de Sabadell, S.A., con domicilio social en Sabadell, Pl. de Sant Roc, 20, inscrita en el Registro Mercantil de Barcelona, Tomo 20093, Folio 1, Hoja B-1561 con NIF A08000143, y dirección de correo electrónico: Info@bancosabadell.com, que de ahora en adelante se denominará el banco, representado suficientemente por el o los apoderados que subscriben el presente contrato, y de otra parte, el o los acreditados y el/los fiador/es, con la intervención del notario reseñado en el apartado correspondiente, expresamente requerido para la formalización del presente contrato; reconociéndose entre sí las partes, capacidad legal para contratar y obligarse, manifiestan que han convenido la formalización del presente contrato mercantil para la realización de operaciones bancarias de acuerdo con las siguientes estipulaciones:

El banco es una entidad de crédito sujeta a la supervisión del Banco de España e inscrita en el Registro administrativo especial con el número 0081. La sede del Banco de España se encuentra en Madrid, en la calle Alcalá, 48, 28014 Madrid. La dirección de Internet es www.bde.es.

Estipulaciones particulares

Lugar y fecha de formalización

ALCOBENDAS,

Límite

5.000.000,00 EUR

Límite (en letras)

EUROS CINCO MILLONES

Acreditado o Acreditados

NIF B87290821

Nombre del Acreditado URTHECAST IMAGING, S.L

Domicilio postal DE PONIENTE 19 -2 PORTAL 2 TRES CANTOS 28760 MADRID

Representado por Sr./Sra

NIF

Fiador o Fiadores

Redacted: Personal Information

Sin Fiadores

Estipulaciones generales

1º. Objeto del contrato.

1.1 - Este contrato tiene por objeto facilitar al/a los Acreditado/s la realización de operaciones bancarias, ya sean efectuadas en moneda de curso legal en España o en divisas, y asegurar al Banco del reintegro de las cantidades que resulten debidas como consecuencia del Impago o incumplimiento de las obligaciones contraídas por el/los Acreditado/s en virtud del presente

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contrato, dotándole del título ejecutivo previsto en el número 5 del apartado 2 del artículo 517 de la Ley de Enjuiciamiento Civil, fijando las partes como cantidad máxima susceptible de ser reclamada por el Banco mediante la acción ejecutiva basada en el presente título, la indicada en el apartado Límite, con más los correspondientes intereses, comisiones, gastos y costas previstos en el contrato.

La formalización del presente contrato no obliga al/a los Acreditado/s a realizar sus operaciones con el Banco, ni al Banco a aceptar las que le sean ofrecidas, de modo que no obstante su formalización, el/los Acreditado/s pueden libremente negociar sus operaciones bancarias en otras entidades de crédito, y el Banco a estudiar separadamente cada operación solicitada, calificarla y admitirla o rechazarla.

En consecuencia el Banco no queda obligado a proceder a la realización de las operaciones propuestas por el/los Acreditado/s aun en el supuesto de que no se hubiera hecho uso de todo el límite señalado en el contrato.

1.2 - De ser varios los Acreditados, los derechos y obligaciones que se establecen en el presente contrato corresponden a todos y cada uno de ellos, pudiendo actuar bien sea conjuntamente dos o más de ellos o bien indistintamente y a solas cada Acreditado, facultándose a tal efecto mutua y recíprocamente entre sí.

1.3 - El/Los Acreditado/s responderá/n de todas las obligaciones dimanantes del presente contrato, con carácter solidario entre sí y con el/los Fiador/es si los hubiere, con expresa renuncia en lo menester a los beneficios de orden, excusión y división, así como de cualesquiera otros que con carácter general o particular pudieran corresponderles.

1.4 - Se entenderán por cuenta o cuentas, a los efectos del presente contrato, las cuentas corrientes y de crédito mantenidas por el/los Acreditado/s en el Banco.

2º. Límite.

El límite máximo establecido en el presente contrato es el indicado en el apartado Límite al principio consignado, de manera que el riesgo vigente en cada momento para el Banco por operaciones del/de los Acreditado/s comprendidas en la presente póliza no deberá superar el referido límite.

3º. Operaciones amparadas por el contrato.

En virtud de este contrato el/los Acreditado/s y el/los Fiador/es responderán solidariamente frente al Banco:

a) Del buen fin y completo pago de las letras de cambio, pagarés, recibos, facturas y cualesquiera otros efectos de comercio e instrumentos de pago que el Banco descuente o negocie, ya figuren en ellos cualquiera del/de los Acreditado/s como librador, firmante, endosante, aceptante, avalista o con cualquier otro carácter.

b) Del pago del importe de los anticipos que el Banco efectúe al/a los Acreditado/s por razón de operaciones de factoring y por razón de la cesión y/o endoso de certificaciones de obras expedidas a su favor por administraciones públicas, empresas privadas o particulares; del pago del importe de los anticipos que efectúe el Banco por cesión de importes que tenga/n que percibir por razón de devoluciones del Impuesto sobre el Valor Añadido, según resulte de las liquidaciones periódicas presentadas por el/los Acreditado/s; del pago del importe de los anticipos que efectúe el Banco sobre facturación del/de los Acreditado/s aunque no existan certificaciones de obras o suministros ni otro comprobante que el de la factura que ampare la operación; del pago de los anticipos realizados por la gestión de cobro de los créditos comerciales consecuencia de la actividad comercial del/de los Acreditado/s, los cuales pueden hallarse relacionados mediante soportes magnéticos y/o remitidos por medio de transmisión electrónica de datos, identificables por números de referencia y en general del pago del importe de las operaciones bancarias de anticipo de toda clase de efectos, documentos y créditos de todo orden que efectúe el Banco al/a los Acreditado/s.

c) Del buen fin y completo pago de las obligaciones derivadas de operaciones relacionadas con el comercio nacional e internacional de todo orden que contraiga/n el/los Acreditado/s con el Banco, como pueden ser: créditos documentarios, cartas de crédito, pre-financiación sobre pedidos recibidos por el/los Acreditado/s, financiación de operaciones de cobro por reposición de fondos de comprador a vendedor, apertura de créditos de importación o de tráfico interior, financiación de exportaciones, financiación de importaciones, operaciones de cobertura de riesgo de cambio y de intereses en relación al mercado de divisas (seguros de cambio, swaps, frías, opciones, etc.) y demás operaciones del mercado de futuros financieros; sin que esta enumeración presuponga limitación de clase alguna a la realización de otras operaciones de futuros financieros, así como de

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15121-6020101-00613031-014X 000006775-03625-30000000-D-40309164602014028-2/15-10





las demás operaciones de comercio nacional e internacional que no se hayan enunciado expresamente, las cuales quedarán también amparadas por el presente contrato.

d) Del pago del Importe que por todos los conceptos acredite el Banco del/de los Acreditado/s en virtud de los avales y fianzas prestados por cualquiera de las oficinas y sucursales del Banco sitas en España o en el extranjero a solicitud del/de los Acreditado/s tanto si fueren a favor del/de los mismo/s como a favor de terceros.

e) Del pago de los descubiertos en cuenta o saldos deudores que originados por cualquier concepto figuren en las cuentas corrientes, de crédito -incluidos excedidos- y por préstamo del/de los Acreditado/s, con más los correspondientes intereses y comisiones devengados y que se devenguen en las indicadas cuentas, de conformidad con lo previsto en los contratos correspondientes a cada una de ellas.

f) Del buen fin y completo pago de las obligaciones derivadas del pago por parte del Banco del Importe de las facturas cuya gestión de pago haya sido encomendada por el/los Acreditado/s al Banco (Confirming).

g) Y en general del buen fin y completo pago de las obligaciones procedentes de operaciones bancarias o mercantiles de todo orden que el/los Acreditado/s contraigan con el Banco.

4ª. Condiciones generales para la realización de las operaciones bancarias previstas en este contrato.

4.1 - Operaciones de descuento.

Las operaciones de descuento se efectuarán, mediante la entrega de los efectos y documentos a descontar, mediante soporte magnético o por cualquier otro medio y se entenderán hechas siempre salvo buen fin. A efectos del presente contrato, los recibos y efectos firmados mecánicamente o mediante estampilla, se consideran por las partes contratantes, con la misma fuerza legal que si se tratase de las firmas auténticas y manuscritas.

La realización de dichas operaciones, (excepción hecha del caso de descuento de letras aceptadas y pagarés extendidos en legal forma que se registrará por la Ley Cambiaria y del Cheque) presupondrá la cesión al Banco de dichos créditos y de los derechos inherentes a los mismos, respondiendo el/los Acreditado/s de la existencia y legitimidad de los mismos, así como, sin limitación de tiempo, de la solvencia de los deudores de los expresados créditos, por lo que el/los Acreditado/s se comprometen a no reembolsarse de dichos créditos por ningún medio y a que no queden extinguidos por cualquier otra causa mientras figuren cedidos al Banco, y asimismo se obligan a notificar a los respectivos deudores de los créditos y a los terceros que pretendieran tener algún derecho sobre los mismos, la cesión existente a favor del Banco, y de ser peribidos por el/los Acreditado/s, éste/éstos procederán a su inmediato abono o reembolso al Banco, todo ello bajo apercibimiento de recaerles las responsabilidades que hubiere lugar en derecho en el caso de no efectuarlo.

El importe del descuento se abonará en la/s cuenta/s del/de los Acreditado/s, deduciéndose las cantidades que procedan por intereses, comisiones y gastos pactados. Para el supuesto de que el Banco hubiera abonado al/a los Acreditado/s el nominal íntegro del descuento, sin hacer previa deducción de los intereses, comisiones y gastos, el Banco queda expresamente facultado para efectuar con posterioridad el adeudo, en la/s cuenta/s del/de los Acreditado/s, de los intereses, comisiones y demás conceptos que se recogerán en los correspondientes documentos de liquidación que el Banco remitirá al/a los Acreditado/s de conformidad con lo previsto en el apartado 4.9 de la presente estipulación.

4.2 - Operaciones de prefinanciación, anticipo y financiación de operaciones comerciales.

Las operaciones de prefinanciación tendrán por objeto la financiación del período de fabricación de bienes y servicios a suministrar por el/los Acreditado/s al amparo de contratos firmados o pedidos que haya recibido. A este respecto, el/los Acreditado/s se compromete/n a invertir los fondos de prefinanciación a la producción de los bienes y a la prestación de los servicios a que esté/n obligado/s por el correspondiente contrato de compra-venta, con la finalidad de lograr una correcta ejecución del mismo, a satisfacción del comprador, con exclusión de la aplicación de estos fondos a otras necesidades que tenga/n o pueda/n tener el/los Acreditado/s. El/Los Acreditado/s se compromete/n irrevocablemente a hacer entrega directa al Banco -sin intervención de ninguna otra Entidad de Crédito- de toda la documentación correspondiente al contrato comercial prefinanciado y que tenga por finalidad el cobro de cantidades dinerarias, tramitando a través del Banco la documentación y con cesión irrevocable al Banco del producto del cobro o negociación de los documentos de suministro de bienes o de prestación de servicios, para que con las cantidades percibidas se haga pago al Banco, de cuanto el/los Acreditado/s adeude/n



El Banco quedará exento de cualquier responsabilidad por los perjuicios que pudieren derivarse del incumplimiento de dicho trámite.



El/Los Acreditado/s se responsabilizará/n de la existencia real de la domiciliación y de la veracidad de los datos contenidos en el soporte magnético y/o en los transmitidos electrónicamente. Recibido lo anteriormente indicado, el Banco procederá a su verificación, procediendo a comunicar al/a los Acreditado/s aquellos créditos que no resulten conformes de acuerdo con lo señalado en los párrafos anteriores.

Efectuada la antedicha verificación, el Banco anticipará al/a los Acreditado/s el importe de los créditos mediante abono de sus importes en la/s cuenta/s del/de los Acreditado/s, deduciéndose las cantidades que procedan por intereses, comisiones y gastos pactados. Para el supuesto de que el Banco hubiera abonado al/a los Acreditado/s el nominal íntegro de los créditos, sin hacer previa deducción de los intereses, comisiones y gastos, el Banco queda expresamente facultado para efectuar con posterioridad el adeudo, en la/s cuenta/s del/de los Acreditado/s, de los intereses, comisiones y demás conceptos que se recogerán en los correspondientes documentos de liquidación que el Banco remitirá al/a los Acreditado/s de conformidad con lo previsto en el apartado 4.9 de la presente estipulación.

El Banco procederá a cobrar a los respectivos deudores las cantidades especificadas en las relaciones y soportes magnéticos recibidos, así como las indicadas en las transmisiones electrónicas de datos recibidas por el Banco, mediante el correspondiente cargo en las cuentas designadas en las domiciliaciones respecto de aquellos créditos que estén domiciliados en el Banco, y a través de la Cámara de Compensación Bancaria y demás sistemas de compensación interbancaria establecidos, con respecto a aquellos otros que estén domiciliados en otra Entidad. En relación con aquellos créditos que no se hallen domiciliados, el Banco enviará aviso al deudor y actuará de acuerdo con las instrucciones del mismo.

El Banco aplicará las cantidades percibidas a cancelar los anticipos efectuados, así como las comisiones y gastos adicionales originados por los impagos en la gestión de cobro y los intereses moratorios devengados. Las entregas de relaciones de créditos al Banco mediante soporte magnético y/o transmisión electrónica de datos, y los subsiguientes anticipos de pago de los mismos al/a los Acreditado/s, se entenderán realizadas siempre salvo buen fin y no suponen en ningún caso la cesión al Banco de los referidos créditos, respondiendo en todo caso el/los Acreditado/s sin limitación de tiempo, de la solvencia de los deudores y de las devoluciones que se produzcan en cualquier plazo y por cualquier motivo.

El Banco no garantiza el cobro de los créditos, ni será responsable de aquellos créditos comerciales que adolezcan de algún defecto legal o, en su caso, no hubieran satisfecho los impuestos que pudieran recaer sobre ellos, de cuyas consecuencias será/n exclusivamente responsable/s el/los Acreditado/s, quien/es asume/n la totalidad de las responsabilidades dimanantes de la operación comercial de la que deriva el crédito o créditos en cuestión.

El/Los Acreditado/s se compromete/n a no intentar, directa o indirectamente, el cobro de cantidades a sus clientes, derivadas de los créditos comerciales cuyo importe haya sido anticipado por el Banco, hasta tanto, como consecuencia de su impago por cualquier causa, les autorice el Banco a tal efecto.

El/Los Acreditado/s garantiza/n al Banco que las relaciones de deudas entregadas se derivan de créditos legítimos y que no existe sobre las mismas ningún tipo de embargo o afectación que impida o dificulte su cobro.

4.4 - Otras operaciones de comercio nacional e Internacional.

Dichas operaciones se efectuarán a través de la/s cuenta/s del/de los Acreditado/s, de conformidad con lo previsto en el apartado 4.9 de esta estipulación y lo establecido en la estipulación 5a.

4.5 - Operaciones de aval y garantía.

Cada garantía o aval prestado devengará las comisiones que se indiquen en las respectivas solicitudes de aval, cuyas comisiones podrán ser modificadas por el Banco en cualquier momento previa notificación por escrito a los Acreditado/s en la forma establecida en el documento de solicitud y de acuerdo con la normativa vigente en cada momento.

Dichas comisiones se adeudarán en la cuenta o cuentas del/de los Acreditado/s quedando autorizado el Banco para realizar el adeudo correspondiente, obligándose éste/éstos a que existan fondos suficientes para dichos adeudos.

Si, en ejecución y cumplimiento de lo convenido en las garantías y avales prestados, el Banco tuviera que hacer pagos parciales o el total de las cantidades avaladas o garantizadas, sus intereses, intereses de demora, recargos, apremios, comisiones y gastos, o tuviera que cumplir cualquiera de las demás condiciones a que se refiere su compromiso, quedará facultado para adeudar en la/s cuenta/s del/de los Acreditado/s las sumas satisfechas, obligándose éste/éstos si no tuvieran fondos o disponibilidad suficiente en su/s cuenta/s a ingresar inmediatamente los

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necesarios para cubrir dichos cargos. En caso de que los citados pagos se efectúen mediante transferencia, el Banco también queda autorizado para adeudar en la/s cuenta/s del/de los Acreditado/s las comisiones y los gastos correspondientes.

A tales efectos, el/los Acreditado/s acepta/n desde ahora la legitimidad y procedencia de los pagos efectuados por el Banco, dando su autorización a los mismos cualquiera que sea la forma en que hubiere sido requerido el Banco, para la efectividad de los avales y garantías, sin obligación por parte del Banco de considerar la procedencia de la petición de reintegro, y sin necesidad de pedir ni obtener la conformidad del/de los Acreditado/s, quién/es renuncia/n en forma expresa a las excepciones del artículo 1.840 del Código Civil.

Si las características de la/s garantía/s o aval/es hicieran necesaria la intervención de una tercera entidad o su emisión a través de la misma, el/los Acreditado/s da/n su expresa conformidad a las condiciones y al plazo de exigibilidad a que el Banco se obligue frente a dicha tercera entidad, siendo a cargo del/de los Acreditado/s, cuantos gastos, comisiones e impuestos se devenguen por ello, por lo que autoriza/n al Banco para su adeudo en la/s cuenta/s del/de los mismo/s. Asimismo, se libera expresamente al Banco de oponer al/a los beneficiarios de los avales y garantías prestados las excepciones previstas en los artículos 1.148 y 1.853 del Código Civil.

El Banco podrá exigir al/a los Acreditado/s y al/a los Fiador/es la relevación de las garantías o avales formalizados, o la constitución de garantía bastante a juicio del Banco en los siguientes supuestos:

- a) Cuando se dé cualquiera de los casos previstos en el artículo 1.843 del Código Civil.
- b) Cuando hubiera transcurrido el plazo de tres meses desde la fecha de formalización de los respectivos avales o garantías.
- c) Cuando no hubieren satisfecho las cantidades que por comisiones se hubieren devengado, o los pagos que el Banco hubiera realizado en virtud de cualquiera de las garantías o avales prestados.

Si el/los Acreditado/s y el/los Fiador/es no relevaran al Banco de las garantías y avales prestados con devolución del/de los documento/s del aval y/o garantía/s, o no constituyeran la garantía bastante a juicio del Banco de conformidad con lo previsto en el párrafo anterior dentro del término de cinco días siguientes al recibo del requerimiento que a tal efecto lleve a término el Banco por telegrama, por burofax o por medio de Fedatario Público, el Banco podrá considerar vencidas las obligaciones garantizadas y procederá a cargar su importe hasta el máximo garantizado en cada momento, en la cuenta especial a que hace referencia en la estipulación 5a, procediendo a su apertura si no estuviere aún abierta.

Con el importe cargado en la cuenta especial del/de los Acreditado/s por no haberse efectuado relevación de fianza, el Banco constituirá a nombre del/de los Acreditado/s un depósito en efectivo que podrá formalizarse con intervención de Fedatario Público, que quedará pignorado -con efectos frente a terceros- en garantía del cumplimiento de las obligaciones pendientes, quedando el Banco autorizado a realizar disposiciones con cargo a dicho depósito cuando deba realizar algún pago en virtud de las garantías y avales prestados.

Si, por quedar reducidas las obligaciones afianzadas por el Banco por devolución del/de los originales de los avales y garantías o por notificación expresa del acreedor afianzado, el saldo del depósito constituido excediera del total exigible al Banco, éste procederá al abono de los importes sobrantes del depósito a la cuenta especial del/de los Acreditado/s aunque el saldo de la misma se hallase reclamado judicialmente.

En el supuesto de que, habiendo percibido el Banco ya fuere por vía judicial o extrajudicial los importes acreditados en virtud de la cuenta especial con más intereses, comisiones, gastos y costas, el saldo del depósito constituido excediera del total exigible en virtud de las garantías y avales prestados que estuvieran vigentes, dicho exceso se abonará en la/s cuenta/s del/de los Acreditado/s según corresponda.

4.6.- Operaciones de confirming.

Mediante el confirming el/los Acreditado/s se compromete/n a encomendar al Banco, periódicamente, la gestión del pago de las facturas que determinados proveedores del/de los Acreditado/s emitan a su cargo. Por su parte el Banco se compromete a llevar a cabo la gestión de pago de las facturas que el/los Acreditado/s le encomienda/n, siempre que se cumplan las condiciones y requisitos establecidas en el correspondiente contrato de confirming.

Para llevar a cabo estas operaciones el Banco recibirá órdenes de pago a través de medios Informáticos del/de los Acreditado/s y, como simple gestor de dichas órdenes de pago, efectuará los pagos correspondientes a los beneficiarios de las mismas, proveedores del/de los Acreditado/s, en la fecha de vencimiento que indique/n el/los Acreditado/s, o con anterioridad en caso de que convenga con los proveedores anticipar el importe de dichos pagos.

El Banco, en su calidad de simple gestor de pagos del/de los Acreditado/s, quedará al margen de cualquier controversia que pudiera surgir entre el/los Acreditado/s y sus proveedores.

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RECIBIDO





Por realizar los pagos ordenados por el/los Acreditado/s, el Banco percibirá sobre el Importe nominal de los mismos las comisiones pactadas.

El/Los Acreditado/s se obliga/n a poner a disposición del Banco los Importes correspondientes a los pagos que deba efectuar el Banco en la fecha de vencimiento de las facturas, salvo que se haya convenido con el Banco que el/los Acreditado/s le reembolse/n los Importes correspondientes a tales pagos a la finalización del plazo de prórroga pactado. El Banco se reserva la facultad de atender o rechazar aquellos pagos cuyos Importes no hubieran sido debida y puntualmente provisionados por el/los Acreditado/s.

4.7 - Descubiertos en cuenta, saldos deudores de cuentas de crédito y excedidos de crédito y saldos deudores de préstamos.

Quedan amparados por el presente contrato los expresados saldos originados por cualquier concepto, así como los Intereses y comisiones devengados por los mismos. Dichos Intereses y comisiones se liquidarán de conformidad con lo establecido en los respectivos contratos.

4.8 - Obligaciones procedentes de operaciones bancarias y mercantiles de todo orden que el/los Acreditado/s contraiga/n con el Banco.

Quedan amparadas por el presente contrato las obligaciones de pago adquiridas por el/los Acreditado/s frente al Banco en virtud de cualquier operación bancaria o mercantil que se realice de conformidad con lo previsto en el siguiente apartado 4.9 y en la estipulación 5a. de este contrato.

4.9 - Condiciones de las operaciones.

Las operaciones amparadas por el presente contrato quedarán sujetas a las condiciones que con carácter general tenga establecidas el Banco o que con carácter particular se convenga/n con el/los Acreditado/s, de acuerdo con la normativa en cada momento vigente, y la formalización de las respectivas operaciones supondrá su aceptación por las partes, conviniéndose que en las operaciones que así lo requieran, los tipos nominales de Interés, comisiones, gastos y TAE correspondientes a dichas operaciones, se comunicarán por el Banco al/a los Acreditado/s en las liquidaciones de las mismas que a tal efecto practique, cuyos documentos de liquidación se considerarán parte del presente contrato.

Los abonos y cargos de las operaciones realizadas, a los que se unirán las liquidaciones correspondientes, se efectuarán en la/s cuenta/s del/de los Acreditado/s, y los asientos de dichos cargos y abonos en la/s indicada/s cuenta/s supondrán la aceptación, por las partes contratantes, de las operaciones a las que correspondan y de las condiciones de las mismas, si transcurridos diez días desde la fecha de dichos asientos no se hubiera comunicado su disconformidad por escrito al Banco.

4.10 - Comunicaciones a prestadores de servicios sobre solvencia patrimonial y crédito.

Para el caso de que el/los Acreditado/s entregue/n o ceda/n al Banco documentos en gestión de cobro o descuento, para su abono en la cuenta, el/los Acreditado/s autorizan a la entidad en que se encuentra domiciliado el pago de los documentos cedidos para que, actuando por su cuenta e Interés, regulara de pago a los obligados que resulten por razón de dichos documentos para el caso de que éstos resultasen impagados, facultando, asimismo, a cualquiera de las entidades anteriores para que facilite información a prestadores de servicios sobre solvencia patrimonial y crédito, en relación a los incumplimientos relativos a los documentos cedidos. El/los Acreditado/s se obliga/n a comunicar de forma inmediata y suficiente al Banco el pago posterior de la deuda por el obligado, asumiendo las responsabilidades que pudieran derivarse del incumplimiento de tal obligación, y en consecuencia del mantenimiento inexacto de datos en los ficheros de los prestadores de servicios antes indicados.

4.11 - Central de Información de Riesgos (CIR).

Se informa al/a los Acreditado/s y al/a los Fiador/es de que, de conformidad con lo previsto en la Ley 44/2002, el Banco está legalmente obligado a declarar a la CIR del Banco de España los datos necesarios para identificar a las personas físicas o jurídicas con quien éste mantenga, directa o indirectamente, riesgos de crédito, así como las características de dichas personas y riesgos, incluyendo en particular las que afecten al Importe y la recuperabilidad de éstos. Esta obligación se extiende a los riesgos mantenidos a través de entidades instrumentales integradas en los grupos consolidables del Banco y a aquéllos que hayan sido cedidos a terceros conservando el Banco su administración.

Entre los datos a que se refiere el párrafo anterior se incluirán aquéllos que reflejen una situación de incumplimiento, por dichas personas, de sus obligaciones frente al Banco, así como los que pongan de manifiesto una situación en la cual el Banco estuviera obligado a dotar una provisión



GRUPO DE RIESGOS



Con relación a los riesgos declarados a la CIR del/de los Acreditado/s y del/de los Fiador/es, éstos quedan informados que podrán ejercitar los derechos de acceso, rectificación y cancelación según los términos previstos legalmente dirigiéndose al Banco de España.

Como consecuencia de ello el/los Acreditado/s reconocen y autorizan expresa y formalmente al Banco para que, en reclamación de los Importes acreditados, ejercite Indistinta, simultánea o sucesivamente las acciones derivadas de la presente póliza y las derivadas de los títulos crediticios cuyo impago o declaración anticipada de vencimiento haya generado saldo deudor en la/s cuenta/s del/de los Acreditado/s incluida la cuenta especial prevista en este contrato.





En el caso de no existir saldos a favor del Banco, los efectos y demás documentos crediticios a que se refiere la presente estipulación cargados en la/s cuenta/s del/de los Acreditado/s quedarán a libre disposición del/de los mismo/s.

5.5 - Desde el momento de su apertura, los saldos deudores que presente la cuenta especial amparada por el presente contrato devengarán a favor del Banco el Interés nominal anual resultante de añadir diez puntos al tipo de Interés Legal del Dinero vigente en cada momento.

En caso de vencimiento del contrato, desde el cierre de la cuenta especial los saldos deudores devengarán un Interés nominal anual de demora igual al indicado en el párrafo anterior.

Dichos intereses se devengarán día a día, y se computarán sobre el número de días naturales efectivamente transcurridos, aplicando un divisor de trescientos sesenta días, y los intereses se liquidarán y serán pagaderos por trimestres naturales vencidos el último día de dicho período mediante el adeudo de sus importes en la cuenta especial, obligándose el/los Acreditado/s a reembolsar sus importes.

Así pues, los intereses se calcularán diariamente aplicando la siguiente fórmula:

$S \times R$

; siendo

360×100

S= El saldo diario que presente la cuenta especial al que le sea aplicable el tipo de Interés nominal R según sea saldo deudor o acreedor,

R= El tipo de Interés nominal anual en tanto por ciento.

5.6 - De no ser satisfechos los intereses devengados se acumularán al saldo de la cuenta y dicho aumento será computable a efectos de nuevos intereses en el trimestre siguiente, de conformidad con los artículos 317 del Código de Comercio y 1.109 del Código Civil.

5.7 - La Tasa anual equivalente (TAE) será la resultante de efectuar su cálculo conforme a lo establecido en la Circular 5/2012 de 27 de junio del Banco de España, publicada en el BOE nº 161 de 6 de julio de 2012 y sus modificaciones o por las disposiciones en cada momento vigentes.

Para el cálculo de la TAE se considerarán incluidos todos los importes que se adeuden en dicha cuenta según lo estipulado en la presente cláusula. No se incluirán en el cálculo de la TAE los gastos complementarios o suplidos (corretajes a favor de terceros, timbres, impuestos, etc.).

5.8 - Se entenderá por saldo deudor de la expresada cuenta especial la diferencia entre la suma de adeudos y la suma de abonos, más los intereses, comisiones, impuestos y gastos. Este saldo quedará determinado al efectuarse el asiento en la cuenta de cada una de las operaciones que lo integren.

5.9 - A partir del momento en que la cuenta especial presente un saldo deudor, deberá ser reembolsado por el/los Acreditado/s y el/los Fiador/es sin necesidad de requerimiento ni intimación alguna, por lo que será exigible por el Banco el reintegro inmediato de su total importe.

5.10 - Se faculta expresamente al Banco para compensar los saldos deudores del/de los Acreditado/s, incluidos los de la Cuenta Especial de Operaciones Bancarias, con cualesquiera otros saldos acreedores existentes en cuentas corrientes, de ahorro o a plazo, o cualesquiera otros depósitos de cualquier naturaleza, de que sean titulares cualesquiera del/de los Acreditado/s y/o del/de los Fiador/es si los hubiere, anticipando de ser menester el plazo de vencimiento que tuvieran establecido.

De igual modo el Banco podrá enajenar y realizar, hasta cubrir con las cantidades que se obtengan cuanto éste acredite por cualquier concepto por razón del presente contrato, los depósitos constituidos en el Banco de efectos, activos financieros, valores, créditos de cualquier clase, y cualquier otro depósito o activo financiero de cualquier naturaleza, ya estén representados por títulos, derechos, anotaciones en cuenta y otros, depositados o gestionados por el Banco o por cualquier sociedad de su grupo, propiedad de cualquiera del/de los Acreditado/s y/o Fiador/es, aun cuando no estén especialmente afectos en garantía de esta póliza, firmando los correspondientes vendís y demás documentos necesarios al efecto, para lo cual, mediante este contrato el/los Acreditado/s y el/los Fiador/es confiere/n mandato expreso al Banco, anticipando de ser menester el plazo que tuvieran establecido. Las facultades de realización y/o venta previstas en el presente apartado se extienden expresamente a las participaciones de los fondos de inversión gestionados por la/s sociedad/es gestora/s del Grupo Banco Sabadell de las que el/los Acreditado/s y/o Fiador/es sean titulares actualmente o en el futuro. El presente documento tiene el valor legal de orden irrevocable de reembolso de participaciones, para lo que el/los Acreditado/s y el/los Fiador/es autorizan de modo expreso y legal al Banco.

El precio de las participaciones será el valor liquidativo de las mismas, publicado en el Boletín Oficial de cotización de la Bolsa de Valores de Madrid, y fijado de conformidad con lo dispuesto en

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el Reglamento del Fondo de Inversión correspondiente, y en las disposiciones que sean de aplicación.

El mandato conferido en el presente apartado no podrá ser revocado hasta la total cancelación de las obligaciones de pago que pudieran derivarse de este contrato.

6°. Duración del contrato.

El presente contrato se formaliza por plazo indefinido y se basa en la mutua confianza entre los contratantes, que se eleva a condición fundamental del mismo, de tal manera que podrá en todo momento resolverse por cualquiera de las partes, pudiendo el/los Acreditado/s darlo por terminado en cualquier momento, previo pago del saldo que resulte en su contra por todos los conceptos y a plena satisfacción del Banco, subsistiendo las obligaciones contraídas por el presente contrato mientras existan operaciones pendientes de pago o vencimiento y el Banco a su vez podrá darlo por terminado en cualquier momento, dando aviso al/a los Acreditado/s y al/a los Fiador/es en los domicilios y en la forma prevista en la estipulación 8°.

7°. Vencimiento anticipado del contrato.

7.1 - Podrá el Banco dar por vencido de pleno derecho el presente contrato y exigir en su totalidad las obligaciones de pago que tengan contraídas el/los Acreditado/s y el/los Fiador/es, en caso de concurrir en cualquiera de ellos alguno de los supuestos siguientes:

- a) Si incumpliera cualesquiera de las obligaciones contraídas por el presente contrato, exceptuando las accesorias.
- b) Para el caso de que se inste en su contra procedimiento administrativo, judicial o extrajudicial en reclamación de cantidad.
- c) Si incumple las obligaciones contraídas o que contraiga frente al Banco o frente a terceros, o sea presumible una variación en su situación económica, o por impago de dos o más efectos cambiarios a su cargo, o conste incumplimiento de sus obligaciones dinerarias en prestadores de servicios sobre solvencia patrimonial o crédito, salvo que otorgue las garantías suficientes conforme al apartado g) siguiente.
- d) Si falleciera, o en caso de ser persona jurídica, si variara en forma sustancial la naturaleza de su negocio, cesara en sus actividades, se transformara, se disolviera, se liquidara, se escindiera, se segregara o efectuara aportación no dineraria de rama de actividad, se fusionara o fuera absorbida por otra entidad, sin autorización previa del Banco.
- e) La hipoteca, embargo, reducción del capital social o venta del veinte por ciento o más de su activo patrimonial, salvo que otorgue las garantías suficientes conforme al apartado g) siguiente.
- f) La prestación de avales o garantías de cualquier tipo en favor de terceros o la realización de cualesquiera otros actos que de modo directo o indirecto comprometan su solvencia sin consentimiento previo del Banco.
- g) Si no constituyera mediante documento público dentro del plazo de cinco días naturales a contar desde la fecha en que el Banco les requiera para ello las garantías reales suficientes a satisfacción del Banco en aseguramiento del total límite establecido en este contrato más sus intereses y comisiones de tres anualidades al tipo pactado con más otro diez por ciento del total importe garantizado para cubrir gastos y costas.
- h) Cuando se compruebe falseamiento en los datos y documentos aportados que hayan servido de base para la concesión del presente contrato o para la vigencia o continuidad del mismo.
- i) Cuando concurriera cualquiera de las causas de vencimiento anticipado establecidas por el Derecho, en especial las previstas en el artículo 1.129 del Código Civil.

Comunicado el vencimiento del presente contrato y requerido/s de pago, el/los Acreditado/s y el/los Fiador/es vendrán obligados solidariamente a la cobertura del saldo deudor de la cuenta especial que acredite al Banco en el término de cinco días naturales contados desde la fecha de dicha comunicación.

Si el/los Acreditado/s y el/los Fiador/es incumpliesen la obligación de pago en el plazo antes señalado, podrá el Banco, desde el día siguiente, sin más aviso ni diligencia, y en cualquier tiempo, reclamar judicialmente el importe que a su favor presente la cuenta especial de operaciones bancarias e iniciar acciones para el embargo de cualesquiera bienes de su propiedad, dada la responsabilidad personal e ilimitada del/de los mismo/s y hasta el completo pago de la deuda reclamada.

Asimismo, el Banco podrá facilitar información a prestadores de servicios sobre solvencia patrimonial y crédito, en relación con los incumplimientos del/de los Acreditado/s relativos al contrato incumplido amparada por el presente contrato.

8°. Comunicaciones.

SECRETARÍA

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Para cuantos avisos, comunicaciones, notificaciones y requerimientos sea necesario dirigirl al/a los acreditado/s y al/a los fiador/es, se señalan como domicilios respectivos las direcciones de correo postal y de correo electrónico que figuran en la presente póliza o las que hubieren comunicado con posterioridad al banco en forma fehaciente, obteniendo el correspondiente acuse de recibo, y se reputarán válidas las comunicaciones y notificaciones dirigidas a cualquiera de las expresadas direcciones postal o de correo electrónico aunque fueren rehusadas, no recogidas, no se hallaren los interesados en los mismos o fueren recibidas por familiares, empleados, vecinos o cualquier otra persona. Por otra parte, si el/los acreditado/s y el/los fiador/es cambiasen su domicilio, éste deberá hallarse situado necesariamente y en todo caso en España, para que sea considerado válido y vinculante por lo que respecta al presente contrato.

9ª. Otras obligaciones.

En virtud del presente contrato el/los Acreditado/s y el/los Fiador/es asumen las siguientes obligaciones:

9.1 - Mientras el/los Acreditado/s y el/los Fiador/es no hayan reembolsado al Banco todas las obligaciones derivadas de este contrato y aparte de la afeción y garantía general de todos sus bienes presentes y futuros, se comprometen a no realizar acto alguno de enajenación o gravamen ni a llevar a cabo modificaciones o gravámenes en su patrimonio o capital, que puedan disminuir su valor en relación con la responsabilidad que tienen contraída para con el Banco.

9.2 - En el plazo máximo de cinco días naturales contados desde el siguiente al del requerimiento que a tal efecto se practique por el Banco, el/los Acreditado/s y/o Fiador/es se obligan a otorgar mediante el correspondiente documento público garantía real sobre bienes suficientes a satisfacción del Banco, en aseguramiento del total límite establecido en la presente póliza más sus intereses y comisiones de tres anualidades al tipo pactado con más otro diez por ciento del total importe garantizado para cubrir gastos y costas. La suma de los tres conceptos servirá como tipo de tasación para el procedimiento judicial sumarlo. Cuantos honorarios, gastos e impuestos se devenguen por la formalización de la garantía real serán a cargo del/de los Acreditado/s y Fiador/es.

9.3 - El/Los Acreditado/s y el/los Fiador/es se obligan durante la vigencia del presente contrato, y dentro de los quince días siguientes a su aprobación por la Junta General de la Sociedad, a suministrar al Banco la memoria, el balance y las cuentas de resultados de cada ejercicio. Asimismo se obligan a facilitar al Banco, en cualquier momento, cuanta información y documentación de carácter o trascendencia económica, financiera o contable el Banco les requiera.

9.4 - El/Los Interviniente/s en el presente contrato como Acreditado/s y/o Fiador/es que se hallaren casados, se comprometen a no modificar su actual régimen económico matrimonial sin dejar expresamente a salvo las obligaciones contraídas con el Banco por razón del mismo y se establece que el incumplimiento de este pacto no producirá efectos frente al Banco, aunque la modificación se inscriba en los Registros Civil y Mercantil.

10ª. Acción Judicial.

Vencido el presente contrato por cualquiera de las causas previstas en el mismo, el Banco podrá exigir, por vía ejecutiva y conforme al artículo 517 de la Ley de Enjuiciamiento Civil, el total reembolso del saldo deudor que presente la cuenta especial, aunque el mismo exceda del límite establecido en este contrato, con más los intereses, comisiones, impuestos y gastos devengados y que se devenguen y costas que se originen en el procedimiento.

A efectos de lo dispuesto en el artículo 572 de la Ley de Enjuiciamiento Civil, se pacta expresamente por los contratantes que la liquidación para determinar la deuda ejecutivamente reclamable se efectuará por el Banco en la forma convenida por las partes en el presente contrato, el cual expedirá la oportuna certificación que recoja el saldo resultante de la liquidación que presente la cuenta especial el día del cierre. En su virtud, bastará para el ejercicio de la acción ejecutiva la presentación del título ejecutivo al que hace referencia el nº 5 del apartado 2 del artículo 517 de la Ley de Enjuiciamiento Civil, la aportación del certificado, expedido por el Banco, del saldo que resulte a cargo del/de los Acreditado/s y demás documentación exigida, en cada momento, por la Ley de Enjuiciamiento Civil. En este último certificado hará constar el Notario que intervenga a requerimiento del Banco que la liquidación de la deuda se ha practicado en la forma pactada por las partes en este contrato, así como los demás requisitos exigidos en cada momento por la indicada Ley.

Todo ello se entenderá sin perjuicio de la responsabilidad que corresponda al/a los Acreditado/s y al/a los Fiador/es por las operaciones que al momento de dar por finalizado el contrato se hallen

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en curso pendientes de vencimiento, quienes seguirán respondiendo hasta su total y completo pago.

A los efectos reseñados en la presente estipulación, el Banco, además de reclamar los importes debidos en cada momento, también podrá, si lo prefiere, esperar a que el importe de la deuda del/de los Acreditado/s alcance el límite garantizado, o bien a la terminación de todas las operaciones en curso.

La parte deudora presta su consentimiento para que el Banco pueda solicitar testimonios o copias autorizadas con carácter ejecutivo y así se haga constar en la nota de expedición de las mismas.

11°. Constitución de garantía y obligación solidaria.

11.1 - El/Los Fiador/es reseñado/s en el apartado correspondiente garantiza/n en forma solidaria al Banco todas las obligaciones y responsabilidades que puedan deducirse para el/los Acreditado/s, como consecuencia del presente contrato, obligándose al pago solidariamente con el/los Acreditado/s y entre sí los Fiador/es, con renuncia expresa a los beneficios de orden, excusión y división y cualesquiera otros que con carácter general o particular pudieran corresponderles con arreglo a lo dispuesto en los artículos 439 y siguientes del Código de Comercio y 1.144, 1.822, 1.831, 1.837 y concordantes del Código Civil relevando además al Banco de toda notificación por falta de pago del/de los Acreditado/s.

11.2 - Este afianzamiento se hace extensivo a cualesquiera modificaciones, renovaciones o prórrogas de cualquier clase, tácitas o expresas, que pudieran producirse en las obligaciones establecidas en el presente contrato y de cuantas las noven o sustituyan.

11.3 - El afianzamiento convenido subsistirá mientras se halle en vigor el presente contrato y exista algún riesgo en curso, pudiendo cualquiera del/de los Fiador/es dar por finalizado su afianzamiento, previo requerimiento documental dirigido al Banco, a partir de cuyo recibo quedará cancelada la garantía para las operaciones futuras; no obstante, seguirán afianzadas las operaciones en curso hasta su total pago, consintiendo los demás fiadores desde este momento en tal cancelación y ratificando su afianzamiento que quedará subsistente con el mismo carácter de solidario con que se ha establecido, sin que ello suponga reducción del límite de los totales importes garantizados.

11.4 - El Banco no tendrá la obligación de dar cuenta al/a los Fiador/es del resultado y estado de las operaciones realizadas al amparo del presente contrato.

No obstante el/los Fiador/es podrá/n solicitar al Banco en cualquier momento la información necesaria para la determinación del importe a que ascienden las operaciones garantizadas.

11.5 - El/Los Acreditado/s se obligan solidariamente entre sí y con el/los Fiador/es solidario/s a dar cumplimiento a todas y cada una de las obligaciones derivadas del presente contrato.

11.6 - De conformidad con lo establecido en el apartado 2 del artículo 135 de la Ley Concursal, para el caso de declaración de concurso de cualquiera de los Acreditados y/o Fiadores, las partes convienen en forma expresa que, en el supuesto de que el Banco votara favorablemente el correspondiente convenio, no quedará vinculado por éste en cuanto a la subsistencia plena de sus derechos frente al resto de Acreditados y/o Fiadores, quienes no podrán invocar ni la aprobación ni los efectos del convenio en perjuicio del Banco.

12°. Impuestos y gastos.

12.1 - Todos los impuestos, tributos, corretajes, honorarios, aranceles y gastos, de la naturaleza que sean, devengados o que se devenguen como consecuencia de la preparación, otorgamiento o cumplimiento de este contrato, así como los correspondientes a la expedición de copias del mismo, incluidos los testimonios o copias autorizadas con carácter ejecutivo, serán de cargo del/de los Acreditado/s y del/de los Fiador/es, autorizándose al Banco para su cargo en la/s cuenta/s del/de los mismo/s.

12.2 - Cuantos gastos se originen por la reclamación de los importes acreditados por el Banco en virtud de este contrato, serán de cargo del/de los Acreditado/s y del/de los Fiador/es, autorizando al Banco a su adeudo en la/s cuenta/s del/de los mismo/s.

13°. Derechos y acciones.

Los derechos y las acciones que correspondan al banco en virtud de presente contrato son independientes de los que al propio banco correspondan por cada una de las operaciones específicas garantizadas, las cuales podrán ser ejercitadas con total independencia y sin perjuicio de aquellas.

Asimismo, los derechos y las acciones que correspondan al banco en virtud del presente contrato, son totalmente independientes de las que dimanaren de otras operaciones que tenga/n formalizadas o formalice/n el/los garantizado/s con el banco por créditos, préstamos, descuento de efectos y cualesquiera otras operaciones bancarias, aunque las mismas se reflejen en la misma cuenta.

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14°. Compatibilidad con otros contratos y garantías.

14.1 - El presente contrato es totalmente independiente y no excluye la existencia y plena eficacia de otros anteriores formalizados por el/los Acreditado/s y/o por todos o alguno de los Fiadores en favor del/de los Acreditado/s, en cualquier Oficina del Banco, siendo la cantidad total garantizada la suma de los límites máximos expresados en cada uno de los contratos.

14.2 - Asimismo, este contrato es compatible también con todos los demás contratos y garantías que el Banco haya admitido o admita en lo sucesivo tanto del/de los Acreditado/s como de terceras personas garantizando a los mismos, sin que el presente suponga cancelación ni novación extintiva de dichos contratos, pudiendo el Banco ejercitar, Indistinta, alternativa y simultáneamente, los derechos derivados de este contrato y los demás que le correspondan.

15°. Ampliaciones.

Si la presente póliza fuera ampliación de otra u otras anteriores, los términos y estipulaciones de la póliza o pólizas que por la presente se amplíen, se entenderán ampliadas y modificadas en lo menester en los términos de las que figuran en este contrato.

16°. Lugar de pago.

Se designan las Oficinas del Banco de la plaza donde se ha formalizado el presente contrato como lugar de pago de las obligaciones derivadas del mismo.

17°. Derecho aplicable.

Este contrato tiene carácter mercantil y se regirá en primer término por las estipulaciones contenidas en el mismo y en lo que en ellas no estuviere previsto, se atenderán las partes contratantes a las disposiciones del Código de Comercio, leyes especiales, a los usos y costumbres mercantiles y, en su defecto, a lo establecido en el Código Civil.

Para el caso de que el/los pignorante/s sea/n persona/s jurídica/s o sea/n persona/s física/s, incluidas en estas últimas las comunidades de bienes siempre que estén mayoritariamente constituidas por personas físicas, que actúen en el ámbito de su actividad profesional o empresarial, las partes acuerdan que no resultará de aplicación a este contrato la Orden EHA/2899/2011, de 28 de octubre, de transparencia y protección del cliente de servicios bancarios, ni la Circular 5/2012, de 27 de junio, del Banco de España, a entidades de crédito y proveedores de servicios de pago, sobre transparencia de los servicios bancarios y responsabilidad en la concesión de préstamos (salvo lo establecido en sus normas decimo tercera a decimo quinta), ni los pactos de este contrato derivados de la citada Orden y Circular.

18°. Formalización.

Este contrato se ha formalizado, según se expresa anteriormente, con Intervención del notario, a partir de la primera firma distinta de la del propio banco, a todos los efectos, incluso a los previstos en los artículos 517 y 572 de la Ley de Enjuiciamiento Civil y demás legislación concordante. En cumplimiento de lo establecido en la normativa legal vigente, a la firma del presente contrato se entrega un ejemplar del mismo a cada una de las partes contratantes, sirviendo la propia firma del documento de "recibo" acreditativo de tal entrega.

19°. Utilización de la red de oficinas del Grupo.

El/Los Acreditado/s podrá/n utilizar la red de oficinas de los Bancos del Grupo Banco Sabadell para la realización con las sociedades del Grupo Banco Sabadell de las consultas y operaciones que en cada momento estén disponibles.

20°. Régimen de protección de datos de carácter personal.

El o los firmantes quedan informados de que tanto los datos personales propios como los de los respectivos representados que se solicitan para este documento, así como aquellos que puedan facilitarse posteriormente y aquellos otros a los que el banco tenga acceso como consecuencia de la ejecución del presente contrato, o resulten de un proceso informático derivado de los ya registrados, son necesarios para el desarrollo, control y mantenimiento de la relación contractual y para la realización y gestión de las operaciones que se deriven de la misma, por lo que el banco queda autorizado para su tratamiento y registro en los respectivos ficheros. Los firmantes garantizan la veracidad de los datos que faciliten en cada momento y se comprometen a comunicar puntualmente al banco cualquier variación sobre los mismos.

Otras finalidades. El o los firmantes autorizan expresamente al banco para que pueda tratar, y mantener incluso una vez finalizada la vigencia del presente contrato, los datos personales antes referidos con el fin de elaborar o segmentar perfiles, incluso mediante técnicas automáticas que utilicen los datos actuales, históricos y estadísticos, para la valoración de riesgos, confección y

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análisis de nuevas propuestas, y con el fin de remitir comunicaciones comerciales por cualquier medio, incluido el fax, teléfono, correo electrónico o medio de comunicación equivalente, para la oferta, promoción y contratación de bienes y servicios propios del banco, o de cualquier otra entidad, relativos al sector financiero (banca, seguros, previsión social, servicios de inversión) y al no financiero (sector inmobiliario, gran consumo, telecomunicaciones, automoción, servicios de asesoramiento, formación y ocio).

El o los firmantes autorizan al banco la cesión de los datos personales, mediante comunicación o interconexión, a las entidades que pertenezcan al grupo empresarial del que el banco forme parte en cada momento o a aquellas con las que el banco concluya acuerdos de colaboración, que se dediquen a los sectores de actividad antes referidos, para el tratamiento de los datos personales con iguales fines a los anteriormente expuestos, incluso para remitir información agrupada de los contratos y operaciones que haya solicitado y/o formalizado con cualquiera de las empresas del citado grupo. Las indicadas entidades cesionarias también podrán facilitar al banco los datos personales que de los firmantes figuren en sus ficheros, con iguales fines, incluida la integración y remisión agrupada por parte del banco de la información relativa a contratos y operaciones.

Tratamiento de datos en caso de incumplimiento de obligaciones dinerarias. El o los firmantes quedan informados de que en caso de no producirse el pago de las obligaciones dinerarias que se prevean en el contrato a favor del banco, en el término previsto para ello, los datos relativos al impago podrán ser comunicados a ficheros relativos al cumplimiento o incumplimiento de obligaciones dinerarias. En el caso de personas físicas deberán cumplirse a tal efecto los requisitos previstos en el artículo 38 del Real Decreto 1720/2007, de 21 de diciembre, por el que se aprueba el Reglamento de desarrollo de la Ley Orgánica 15/1999, de 13 de diciembre.

Derechos del afectado. El o los firmantes podrán, en los términos establecidos en la normativa sobre protección de datos en cada momento vigente, revocar en cualquier momento la autorización concedida para el tratamiento y la cesión de los datos personales, así como ejercitar los derechos de acceso, rectificación, oposición y cancelación, dirigiéndose por escrito a la unidad "Derechos LOPD" del responsable de los mismos, que es el banco a través de su domicilio, que es el que figura en el presente documento, o a través de cualquier de sus oficinas abiertas al público.

Las personas físicas firmantes del presente documento que no deseen que sus datos personales sean tratados conforme a lo previsto en el apartado "Otras finalidades" de esta cláusula, bastará que manifiesten su negativa indicando su nombre y apellidos en el espacio previsto a continuación:

21ª. Procedimientos de reclamación y resolución de conflictos. En caso de que el contratante desea plantear una queja o reclamación, podrá dirigirse al Servicio de Atención al Cliente (SAC) del banco, a través de sus oficinas o su dirección de Internet, planteando su reclamación de acuerdo con lo previsto en su Reglamento, que está a su disposición a través de los medios indicados. Asimismo, el contratante podrá, de conformidad con lo establecido en el citado Reglamento, dirigir las posibles reclamaciones al defensor del Cliente del banco.

Las quejas y reclamaciones resueltas expresamente por el SAC o por el defensor, así como las que se entiendan desestimadas (que no finalicen mediante resolución expresa, salvo allanamiento, desistimiento, transacción o caducidad), podrán ser reiteradas ante los servicios de reclamaciones del Banco de España, la Comisión Nacional del Mercado de Valores y la Dirección General de Seguros y Fondos de Pensiones, de conformidad con lo dispuesto en el capítulo V (protección de los clientes de los servicios financieros) de la Ley 44/2002 de Medidas de Reforma del Sistema Financiero, así como las normas que la desarrollen o que las sustituyan.

22ª. Aceptación del contrato y condiciones generales.

Los Intervinientes consienten la incorporación de las condiciones generales que forman parte del presente contrato, las cuales han sido predispuestas por el Banco, y previamente conocidas y aceptadas por las partes. La firma y aceptación del contrato por parte del Banco quedará condicionada en todo caso a la efectiva firma y aceptación del contrato por parte de la totalidad de los intervinientes previstos en el mismo, incluidos los representantes, fiadores y/o pignorantes, quedando entre tanto en suspenso y sin vinculación ni efecto alguno para las partes. Asimismo y salvo que se prevea expresamente una fecha de entrada en vigor diferente en el presente contrato, éste entrará en vigor a partir de la firma del último de los intervinientes.

23ª. Comisiones:



El Banco queda facultado para cobrar la oportuna comisión por la entrega de segunda o sucesivas copias en papel de este contrato al/a los Acreditado/s o al/a los Flador/es (el Importe de la cual se le/s indicará en el momento de su solicitud), sin perjuicio del derecho que le/s asiste de poder solicitarla/s directamente al notario autorizante siendo a su cargo el coste de expedición de dicha/s copia/s.

24*. Explicaciones adecuadas.

El/Los otorgante/s reconoce/n haber recibido del banco las explicaciones previas y adecuadas sobre las características del producto/servicio objeto de este contrato y sus efectos, incluidas, en su caso, las consecuencias en caso de impago, así como cuántas informaciones complementarias ha/n solicitado para poder adoptar una decisión informada y poder comparar ofertas similares y evaluar la adecuación del producto/servicio a sus necesidades, intereses y situación financiera. Asimismo el/Los otorgante/s tiene/n a su disposición en las oficinas y en la Web del banco, la "Información trimestral sobre comisiones y tipos practicados u ofertados de manera más habitual en las operaciones más frecuentes con los perfiles de clientes más comunes que sean personas físicas" (Anexo 1 de la Circular 5/2012 del Banco de España), al objeto de que puedan consultarlo.

Estipulaciones adicionales

1*. Modificando en lo menester las estipulaciones de la presente póliza y especialmente la 1ª, 2ª y 3ª, las partes contratantes convienen que los efectos de la misma se hacen extensivos a las operaciones efectuadas con anterioridad al día de la fecha, quedando por tanto amparadas por esta póliza tanto las operaciones ya efectuadas o en curso como las que se realicen en el futuro.



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Anexo nº al/a la PÓLIZA PARA OPERACIONES BANCARIAS nº 727046307442 el cual forma parte integrante a todos los efectos.

Estipulaciones adicionales

CONSTITUCIÓN DE GARANTÍA PRENDARIA

A.- CLÁUSULAS GENERALES

1.- En especial garantía de las responsabilidades derivadas del contrato al que se une el presente anexo, el cual pasa a formar parte integrante del mismo a todos los efectos, y sin perjuicio de la responsabilidad personal e ilimitada que pudieran tener contraída con el Banco en virtud del expresado contrato, los Pignorantes Indicados al final de esta estipulación entregan y/o constituyen garantía prendaria sobre los bienes y derechos de su propiedad que se detallan en el apartado "Detalle de los activos financieros/depositos/valores/derechos sobre valores pignorados", ascendentes a un importe inicial asimismo consignado en su correspondiente apartado, que quedan depositados en el Banco, manifestando los Pignorantes que tienen la libre disposición de los mismos, por cuanto no se hallan sujetos a ninguna carga, afección o gravamen, aceptando el Banco la prenda constituida a su favor.

2.- Las partes contratantes hacen constar que en virtud del presente anexo constituyen tantas pignoraciones como conjuntos de bienes o derechos se detallan en el apartado "Detalle de los activos financieros/depositos/valores/derechos sobre valores pignorados".

3.- Se conviene expresamente por las partes que la pignoración que se formaliza mediante el presente anexo se constituye con carácter de superposición de garantía, y en el caso de que el Banco no ejercitare su derecho a la realización de la prenda o si los importes líquidos resultantes de la misma no fueren suficientes para cubrir por completo los importes acreditados por el Banco, éste podrá proceder judicialmente a la reclamación de los mismos.

La presente garantía es compatible con cualesquiera otras garantías que el Banco haya admitido o admita a favor del/de los titular/es del contrato al que se une el presente anexo, incluidas las de carácter personal, quedando facultado el Banco para utilizar o ejercitar los derechos derivados de las mismas, ya sea alternativa, simultánea o sucesivamente.

4.- Para la realización de la prenda, y de ser necesario acreditar el importe debido, se considerará como cantidad líquida, vencida y exigible, la determinada mediante certificación que del saldo de la cuenta o cuentas donde se refleje dicho importe efectúe el Banco de conformidad con sus libros, intervenida por Notario, a cuya certificación se someten las partes a todos los efectos y en particular al de considerar líquida y exigible la cantidad, conforme a lo prevenido en el presente contrato.

5.- Reintegrado el Banco y extinguidas en su totalidad las obligaciones amparadas por el presente contrato, quedará liberada la prenda, cursando el Banco las instrucciones que a tal efecto sean precisas para su efectividad.

6.- Todos los impuestos, corretajes, honorarios y demás gastos, que por cualquier concepto se originen por la constitución, cumplimiento o extinción de las obligaciones resultantes de la presente garantía, así como su otorgamiento, ejecución o cancelación, serán por cuenta de los Pignorantes con completa indemnidad para el Banco.

7.- En el caso de que se produzca un incumplimiento de las obligaciones amparadas mediante la presente garantía prendaria o para el caso de que recaiga un embargo sobre los bienes o derechos objeto de la presente garantía, o se solicite o inste procedimiento concursal de cualquiera de los titulares del contrato al que se une el presente anexo o de los Pignorante/s, el Banco podrá realizar o apropiarse de los bienes o derechos pignorados de acuerdo con el precio de cotización o valor actual del mercado en ese momento, por los distintos procedimientos previstos en la normativa vigente, incluidos los previstos en el Real Decreto Ley 5/2005, de 11 de marzo, sobre Reformas urgentes para el impulso a la productividad y para la mejora de la contratación pública según los requisitos y en los supuestos previstos por el mismo o las normas que lo modifiquen o sustituyan.

El Banco queda asimismo facultado para efectuar la liquidación por compensación del valor de los bienes o derechos pignorados respecto del importe del total acreditado, aunque ello comporte la venta o cancelación y aplicación anticipada de dichos bienes o derechos.

B.- CLÁUSULAS ESPECIALES PARA PIGNORACIÓN DE ACTIVOS FINANCIEROS Y DEPÓSITOS

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Página 1

9.- En el supuesto de que sean objeto de pignoración imposiciones a plazo fijo o cualquier otro tipo de depósito dinerario o activo financiero que impliquen un derecho de crédito contra el Banco por parte de los Pignorantes, se entenderá en su caso pignorado el referido derecho de crédito, cuya pignoración se extenderá además en forma irrevocable a los mayores importes que en el futuro pudieran presentar las cuentas en que se hallen contabilizados, en la forma y condiciones establecidas en este contrato, extendiéndose por tanto la presente pignoración a los derechos de crédito sobre el total saldo que presenten en cada momento dichas cuentas.

11.- Para el caso de que los bienes y derechos pignoralos tuvieren establecido un plazo improrrogable, los importes líquidos resultantes a su vencimiento, o por la amortización, venta o realización de los mismos, quedarán asimismo pignoralos y depositados en el Banco en garantía de las obligaciones garantizadas hasta su total extinción, pudiéndolos aplicar el Banco en cualquier momento al pago o reembolso de las cantidades que acredite en virtud de las obligaciones garantizadas. La realización de la prenda también podrá efectuarse según lo previsto para las garantías financieras en el Real Decreto Ley 5/2005, de 11 de marzo, de acuerdo con los requisitos y en los supuestos previstos por el mismo o las normas que lo modifiquen o sustituyan.

12.- Los expresados valores y derechos sobre valores o los resultantes de su conversión o transformación en otros distintos, sus frutos y rentas, quedan pignoralados en garantía del buen fin y completo pago del principal, intereses, comisiones y gastos que se deriven del contrato al que se une el presente anexo, no pudiendo los Pignoralantes disponer en forma alguna de los expresados valores, de los derechos sobre valores ni de los importes líquidos resultantes de la venta o amortización de los mismos, que quedarán asimismo pignoralados y depositados en el Banco en garantía de las obligaciones garantizadas hasta su total extinción, pudiéndolos aplicar el Banco en cualquier momento a las cantidades que acredite en virtud de las obligaciones garantizadas, incluidas las establecidas en el artículo 1.866 del Código Civil.

14.- Para la mejor efectividad de la garantía prendaarla formalizada, los Pignorantes confieren mandato expreso e irrevocable al Banco para que, en cualquier momento, incluso posterior al vencimiento de las obligaciones garantizadas, dé las órdenes oportunas u otorgue en nombre de los Pignorantes los documentos necesarios para la venta de dichos valores y derechos sobre valores, y con su Importe hacer efectivas, hasta donde alcancen, las responsabilidades garantizadas en virtud del presente anexo.





15.- La realización de la prenda también podrá efectuarse por el Banco, en cualquier momento en que existan Importes pendientes de reembolso en virtud del contrato al que se une el presente anexo, por los distintos procedimientos previstos en la normativa vigente, sin necesidad de ninguna otra diligencia ni requerimiento judicial o extrajudicial, y sin la limitación de tiempo establecida en el indicado artículo 322 del Código de Comercio, a la que renuncian en forma expresa las partes contratantes.

Si los valores cotizaran en Bolsa serán realizados al mejor cambio con Intervención del Organismo Rector. Si tales valores no cotizaran, se realizarán a través de Notario de conformidad con la normativa en cada momento vigente y los usos mercantiles de la plaza.

Asimismo, la realización de la prenda también podrá efectuarse según lo previsto para las garantías financieras en el Real Decreto Ley 5/2005, de 11 de marzo, de acuerdo con los requisitos y en los supuestos previstos por el mismo o las normas que lo modifiquen o sustituyan.

Detalle de los activos financieros/depositos/valores/derechos sobre valores pignoralados

Clase

Cuenta

Importe 5.000.000,00 EUR

Pignoralante o Pignoralantes

Redacted: Banking Information

NIF B87290821

Nombre del Pignoralante URTHECAST IMAGING, S.L

Dirección DE PONIENTE 19 -2 PORTAL 2 TRES CANTOS 28760 MADRID

Representado por Sr./Sra

NIF

Redacted: Personal Information



1-151214-802101-00173851-0-AV 0000687054862-00000000-0-403001644002014028-3/3-11



0000400E 0000400E 0000400E

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Página 3



ANEXO Nº A LA POLIZA OPERACIONES BANCARIAS Nº 727046307442, el cual forma parte integrante de la misma a todos los efectos.

ESTIPULACIÓN ADICIONAL

Las partes contratantes convienen en forma expresa que la presente póliza es totalmente independiente de la/s póliza/s relacionadas a continuación, formalizadas por el/los Acreditado/s con anterioridad con el Banco, sin que la misma suponga cancelación ni novación extintiva de dicha/s póliza/s.

Póliza/s anterior/es:

[REDACTED] de fecha 2015-07-13 por importe
5.000.000,00 EUR

Redacted: Banking Information

1-751211-680707-03873651-0-AY 0000086705-0382-2-00000000-0-4435967164-90285-14928-1/1-11





PÓLIZA PARA OPERACIONES BANCARIAS NÚM. 727046307442
NÚMERO TOTAL DE HOJAS, INCLUIDA LA PRESENTE, QUE COMPONEN LA PÓLIZA:

Otorgamiento: las partes declaran expresamente a todos los efectos legales y, especialmente, a los previstos en la Ley 7/1998, de 13 de abril, haber quedado enteradas de las condiciones generales y particulares incorporadas y contenidas en el contrato, comprendidas las de esta hoja, y haber recibido copia del mismo, así como copia de las tarifas máximas de comisiones, condiciones y gastos repercutibles de aplicación a esta operación.

Los otorgantes manifiestan que con una única firma estampada al final del texto contractual, prestan su conformidad y aprobación a la totalidad del contenido del contrato, tal y como aparece redactado -incluso en relación con el idioma- e incluidas todas las condiciones generales y particulares, anexos, adiciones y documentos incorporados que forman parte integrante y componen la póliza, y por todos los conceptos por los que intervienen en la misma de acuerdo con lo previsto en la Ley 36/2006 de 29 de noviembre y el Reglamento de la organización y régimen del Notariado aprobado por Decreto de 2 de junio de 1944 tras su redacción dada por el Real Decreto 45/2007, de 19 de enero.

Intervención: Yo, el notario interviniente, y habiéndome asegurado en la forma reglamentaria de la identidad de los otorgantes, quienes en el concepto en que intervienen tienen, a mi juicio, la capacidad necesaria para este otorgamiento, DOY FE: de que el consentimiento ha sido libremente prestado, de que el otorgamiento se adecua a la legalidad, de la voluntad debidamente informada de los otorgantes y de su conformidad y aprobación con el contenido de la presente póliza que incluidos, en su caso, anexos, adiciones y documentos incorporados, se integra por el total de hojas arriba indicado, numeradas, sólo en su anverso, correlativamente a partir de la unidad, firmada por los otorgantes y con mi signo, firma, rúbrica y sello al final del texto contractual, y numeradas, selladas y rubricadas por mí las restantes, conforme a lo establecido en la Ley 36/2006 de 29 de noviembre, el Decreto de 2 de junio de 1944 tras su redacción dada por el Real Decreto 45/2007, de 19 de enero y las instrucciones de 29 de septiembre de 2000 y de 29 de noviembre de 2006, ambas de la Dirección General de los Registros y del Notariado.

En dichos términos, hechas las oportunas reservas y advertencias legales, y especialmente las de carácter fiscal, las partes otorgan la presente póliza **CON MI INTERVENCIÓN**, conociendo su derecho a obtener copia de la misma. De todo lo cual y del contenido de esta póliza, yo, el Notario, DOY FE.

En ALCOBENDAS, a

EL O LOS ACREDITADOS

URTHECAST IMAGING, S.L
p.p.

BANCO DE SABADELL S.A.

URTHECAST IMAGING, S.L

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Anexo 5

Modelo de certificado de cumplimiento

Sección 1

CERTIFICADO DE CUMPLIMIENTO DEL RATIO DE APALANCAMIENTO SEMESTRAL

A: BANCO DE SABADELL, S.A.

De: [*]

Fecha: [*]

Ref: Contrato de préstamo celebrado entre Banco de Sabadell, S.A., como Banco, y Urthecast Imaging, S.L.U., como Prestataria, el día [11] de diciembre de 2015 (el "Contrato de Financiación").

Muy Sres. Nuestros:

Adjuntamos a la presente la información financiera anual a que se refiere la Cláusula [16] del Contrato de Financiación y:

1. En cumplimiento de lo dispuesto en las Cláusulas [16.8] y [17.4] del Contrato de Financiación les acreditamos con la siguiente información (a fecha en que los Estados Financieros correspondientes fueron elaborados) el cumplimiento de los Ratios Financieros en la fecha en que los Estados Financieros correspondientes fueron elaborados:

a. Dado que (según los siguientes términos se definen en el Contrato de Financiación):

- Deuda Bruta = [*]
- Tesorería = [*]
- Deuda Neta = [*]
- EBITDA = [*]

b. Ratio de Apalancamiento = [*].

2. [NO APLICABLE PARA EL CÁLCULO SEMESTRAL] En cumplimiento de lo dispuesto en la Cláusulas 17.3 del Contrato de Financiación el auditor mediante la firma de la presente certifica que los cálculos que han resultado en la fracción referida en el apartado 1.b anterior han sido llevadas a cabo conforme a criterios generalmente aceptados.



Los términos consignados en mayúsculas en la presente comunicación tendrán el mismo significado que el atribuido a los mismos en el contrato de referencia.

Sin otro particular.

La Prestataria

P.p. [*]

El Auditor

P.p. [*]



Sección 2

CERTIFICADO DE CUMPLIMIENTO DEL RCSD ANUAL

A: BANCO DE SABADELL, S.A.

De: [*]

Fecha: [*]

Ref: Contrato de préstamo celebrado entre Banco de Sabadell, S.A., como Banco, y Urthecast Imaging, S.L.U., como Prestataria, el día [11] de diciembre de 2015 (el "Contrato de Financiación").

Muy Sres. Nuestros:

Adjuntamos a la presente la información financiera anual a que se refiere la Cláusula [16] del Contrato de Financiación y:

1. En cumplimiento de lo dispuesto en la Cláusulas 16.8 del Contrato de Financiación les acreditamos con la siguiente información (a fecha en que los Estados Financieros correspondientes fueron elaborados):

a. Dado que (según los siguientes términos se definen en el Contrato de Financiación):

- Flujo de Caja Generado = [*]
- Servicio de la Deuda = [*]

b. RCSD = [*].

2. En cumplimiento de lo dispuesto en la Cláusulas 16.8 del Contrato de Financiación el auditor mediante la firma de la presente certifica que los cálculos que han resultado en la fracción referida en el apartado 1 anterior han sido llevadas a cabo conforme a criterios generalmente aceptados.

Los términos consignados en mayúsculas en la presente comunicación tendrán el mismo significado que el atribuido a los mismos en el contrato de referencia.

Sin otro particular.



La Prestataria

P.p. [*]

El Auditor

P.p. [*]



Sección 3

CERTIFICADO ANUAL RELATIVO AL FLUJO DE CAJA EXCEDENTARIO

A: BANCO DE SABADELL, S.A.

De: [*]

Fecha: [*]

Ref: Contrato de préstamo celebrado entre Banco de Sabadell, S.A., como Banco, y Urthecast Imaging, S.L.U., como Prestataria, el día [11] de diciembre de 2015 (el "Contrato de Financiación").

Muy Sres. Nuestros:

Adjuntamos a la presente la información financiera anual a que se refiere la Cláusula 5 del Contrato de Financiación y:

1. En cumplimiento de lo dispuesto en la Cláusula 5 del Contrato de Financiación les acreditamos con la siguiente información (a fecha en que los Estados Financieros correspondientes fueron elaborados) el Flujo de Caja Excedentario en la fecha en que los Estados Financieros correspondientes fueron elaborados:

a. Dado que (según los siguientes términos se definen en el Contrato de Financiación):

- Servicio de la Deuda = [*]
- Deuda Financiera Total = [*]
- Flujo de Caja Generado = [*]

b. Flujo de Caja Excedentario = [*]

2. El EBITDA correspondiente al ejercicio = [*]

3. En cumplimiento de lo dispuesto en la Cláusula 5 del Contrato de Financiación el auditor mediante la firma de la presente certifica que los cálculos que han resultado en la fracción referida en el apartado 1 anterior han sido llevadas a cabo conforme a criterios generalmente aceptados.

Los términos consignados en mayúsculas en la presente comunicación tendrán el mismo significado que el atribuido a los mismos en el contrato de referencia.

Sin otro particular.



La Prestataria

P.p. [*]

El Auditor

P.p. [*]



Póliza de: PRÉSTAMOS, CRÉDITOS, DESCUENTOS SIN FIANZA
 Importe: 25.000.000,00
 Primer titular: URTHECAST IMAGING SL
 Entidad financiera: BANCO DE SABADELL SA

DILIGENCIA DE INTERVENCIÓN E INCORPORACIÓN AL LIBRO REGISTRO DE OPERACIONES INTERVENIDAS

NUMERO DOSCIENTOS CINCUENTA Y DOS.-

RODRIGO TENA ARREGUI, Notario del Ilustre Colegio Notarial de Madrid, con residencia en la Capital, **DOY FE**, que en el día de hoy queda incorporado a mi Libro Registro de Operaciones Intervenidas, Sección A, bajo el número arriba indicado, la precedente póliza de OPERACIONES BANCARIAS, (expediente nº 727046307442 5213-01315836) entre **BANCO DE SABADELL S.A** y **URTHECAST IMAGING S.L**

Habiéndome asegurado la identidad, representación, capacidad y legitimidad de las partes, doy fe de que los otorgantes, con sus firmas, prestan su conformidad al contenido de la presente póliza, redactada a doble columna en español e inglés, idioma que conozco suficientemente a los efectos de juzgar su licitud y legalidad, cuyo contenido se ajusta a la legalidad y a su voluntad debidamente informada, habiéndose observado las formas establecidas por el Reglamento vigente y la misma va extendida en el presente y único ejemplar, compuesto de **CIENTO NUEVE** hojas, incluyendo la presente y en su caso los anexos, todas ellas selladas, numeradas y rubricadas por mí. Haciendo constar yo el Notario que:

1) **DON** [REDACTED] - mayor de edad, casado, empresario, de nacionalidad canadiense, con domicilio a estos efectos en [REDACTED]; con Pasaporte de su nacionalidad vigente número [REDACTED] y con N.I.E. español número [REDACTED], vigente - interviene en nombre y representación de la sociedad denominada **"URTHECAST IMAGING, SOCIEDAD LIMITADA"** **Sociedad Unipersonal** - domiciliada en Tres Cantos (Madrid), calle Ronda Poniente, número 19, 2ª planta; constituida, por tiempo indefinido, mediante escritura autorizada por la notario de Madrid doña María del Rosario de Miguel Roses, el día 14 de mayo de 2015, con el número 1.089 de orden de su protocolo. Declarada su unipersonalidad sobrevenida por escritura autorizada por el notario de Madrid don Antonio Morenés Giles el día 3 de julio de 2015, con el número 1.165 de orden de su protocolo. Cambió su denominación social por la que actualmente ostenta y modificó su objeto social mediante escritura autorizada por el notario de Madrid don Antonio Morenés Giles, el día 3 de julio de 2015, con el número 1.166 de orden de su protocolo. Inscrita en el Registro Mercantil de Madrid, al tomo 33454, folio 111, hoja número M-602161, inscripción 1ª. Tiene C.I.F. número B87290821 - en su condición de apoderado y en el ejercicio de las facultades conferidas a su favor en escritura de poder especial autorizada por el notario de

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Manifiesta don [REDACTED] Morenés Giles el día 10 de diciembre de 2015, con el número 2.472 de orden de su protocolo, copia autorizada de la cual he tenido a la vista, de la que resulta tener facultades para suscribir el contrato de préstamo objeto de la presente, aunque incida en cualquier supuesto de autocontratación, múltiple representación o conflicto de intereses, y, en consecuencia, para este acto, y que yo, el Notario, considero suficiente a los efectos del presente otorgamiento.-----

Manifiesta el señor compareciente que sus facultades están vigentes y que no ha sufrido ninguna alteración ni modificación la existencia y capacidad jurídica de la sociedad que representa.-----

Manifiesta el señor compareciente, a los efectos de la obligación de identificar al titular real prevista por la Ley 10/2010, que el titular final de la presente sociedad es una sociedad cotizada en bolsa, por lo que queda exceptuada de dicha obligación.-----

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Personal
Information

2) DON [REDACTED] - mayor de edad, empleado de banca, con domicilio a estos efectos en SABADELL (BARCELONA), Plaza de Sant Roc, número 20; con D.N.I. número [REDACTED] - y DON [REDACTED] - mayor de edad, empleado de banca, con domicilio a estos efectos en SABADELL (BARCELONA), Plaza de Sant Roc, número 20; con D.N.I. número [REDACTED], como apoderados mancomunados de la entidad denominada "BANCO DE SABADELL, S.A." - domiciliada en Sabadell, Plaza Sant Roc, número 20. Constituida por tiempo indefinido en escritura de fecha treinta y uno de diciembre de mil ochocientos ochenta y uno, ante el Notario de Sabadell, don Antonio Capdevila. Adaptada al Real Decreto Legislativo 1564/1989, de 22 de diciembre, por el que se aprobó el Texto Refundido de la Ley de Sociedades Anónimas, hoy derogada, mediante escritura autorizada por el Notario de Sabadell, don Máximo Catalán Pardo, el día veintiséis de abril de mil novecientos noventa. Inscrita en el Registro Mercantil de Barcelona, al tomo 470 del archivo, libro 61 de la Sección 2ª de Sociedades, folio 67, hoja número 1.511, y posteriormente, al tomo 20.092, folio 1, hoja número B-1.561. Tiene C.I.F. número [REDACTED] - y en el ejercicio de las facultades que se les atribuyen en la escritura de poder autorizada por el notario de Barcelona don Miguel Álvarez y Ángel, el día 16 de diciembre de 2010, con el número 2.875 de orden de su protocolo, que causó la inscripción 1.625ª en la hoja social, y en la autorizada por el notario de Barcelona don Jesús Benavides Lima, el día 19 de diciembre de 2013, con el número 3.792 de orden de su protocolo, que causó la inscripción 1.838ª en la hoja social, respectivamente, copias autorizadas de las cuales he tenido a la vista, de la que resultan tener facultades para conceder préstamos y créditos, otorgar contratos de garantía y demás actos complementarios, y que yo, el Notario, considero suficiente a los efectos del presente otorgamiento.-----

Manifiestan los señores comparecientes que sus facultades están vigentes y que no ha sufrido ninguna alteración ni modificación la existencia y capacidad jurídica de la sociedad que representan.-----

Yo, el Notario, hago constar expresamente que la entidad reseñada se encuentra incluida en los supuestos establecidos en el artículo 9.1 de la ley 10/2010, de 28 de abril, por lo que, en cumplimiento de lo establecido en dicho artículo, no ha lugar a la identificación de su titular real.-----

Los comparecientes consienten expresamente la incorporación de sus datos personales a



los [redacted] cos de esta Notaría, -----
Madrid, a once de diciembre de dos mil quince, -----
Están las firmas de los comparecientes.- Esta el signo, la firma, la rúbrica y el sello
del notario autorizante. -----

LEY 8/1989, de 13 de abril
BASE: 25.000.000,00 euros.
ARANCEL: 8.396,27 euros.

This is **Exhibit "G"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.

A Commissioner for taking Affidavits
within British Columbia

SENIOR UNSECURED CONVERTIBLE DEBENTURE
URTHECAST CORP.
(a corporation existing under the laws of the province of Ontario)

DEBENTURE

CERTIFICATE NUMBER: CD-2018-06

PRINCIPAL AMOUNT: \$10,001,250

URTHECAST CORP. (the "**Borrower**"), for value received, hereby acknowledges itself indebted and promises to pay to, Canaccord Genuity Corp. In Trust for SMF Investments Limited (hereinafter referred to as the "**Lender**"), the principal amount of \$10,001,250 (the "**Principal Amount**") in lawful money of Canada in the manner hereinafter provided at the address of the Lender set forth in Section 9.2, or at such other place or places as the Lender may designate by notice in writing to the Borrower, on the date that is six years from the date of issuance of this Debenture (the "**Maturity Date**"), and to pay interest, if any, to the Lender on the Principal Amount outstanding from time to time owing hereunder to the date of payment as hereinafter provided.

The Lender has the right, from time to time and at any time prior to 5:00 p.m. (Eastern time) on the earlier of: (i) the Business Day (as defined herein) immediately preceding the Maturity Date; and (ii) the Business Day prior to any repurchase of the Debenture in accordance with terms hereof, to convert all or any portion of the outstanding Principal Amount into Common Shares (as defined herein), at a price, with respect to the Principal Amount, equal to the Conversion Price (as defined herein), subject to adjustment in certain events.

Unless the Lender exercises the conversion rights attached to this Debenture, the Principal Amount owing, or the portion of the Principal Amount which has yet to be converted, together with any amounts now or hereafter payable hereunder (collectively, the "**Obligations**") shall be due and payable on the Maturity Date in accordance with the terms hereof. This Debenture is issued subject to the terms and conditions appended hereto as Schedule A.

(See terms and conditions attached hereto)

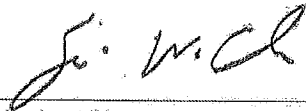
Remainder Intentionally Left Blank

IN WITNESS WHEREOF, the Borrower has caused this Debenture to be executed by a duly authorized officer.

DATED for reference this 25th day of MAY, 2018.

URTHECAST CORP.

Per:



Authorized Signatory

Schedule A

TERMS AND CONDITIONS OF SENIOR UNSECURED CONVERTIBLE DEBENTURE

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Debenture, the following terms shall have the following meanings:

- (1) **"Business Day"** means a day other than a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario or Vancouver, British Columbia, Canada are authorized by law to close;
- (2) **"Canadian Securities Laws"** means the *Securities Act* (British Columbia) and the securities laws of any other province or territory of Canada, if applicable, and the rules, regulations and policies of any Canadian securities regulatory authority administering such securities laws, as the same shall be in effect from time to time;
- (3) **"Change of Control"** means:
 - (a) any transaction (whether by purchase, merger or otherwise) whereby a Person or Persons acting jointly or in concert directly or indirectly acquires the right to cast, at a general meeting of shareholders of the Borrower, more than 50.0% of the votes attached to the Common Shares that may be ordinarily cast at a general meeting;
 - (b) the Borrower's arrangement, amalgamation or merger with or into any other Person, any merger of another Person into the Borrower, unless the holders of voting securities of the Borrower immediately prior to such arrangement, amalgamation or merger hold securities representing 50.0% or more of the voting control or direction in the Borrower or the successor entity upon completion of the arrangement, amalgamation or merger; or
 - (c) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Borrower's and the Borrower's subsidiaries' assets and properties, taken as a whole, to another arm's length Person;
- (4) **"Closing Date"** means May 3, 2018;
- (5) **"Common Shares"** means the common shares in the capital of the Borrower or the common shares of the continuing corporation or other resulting issuer formed as a result of a Merger;
- (6) **"Conversion Date"** has the meaning attributed thereto in Section 4.1;
- (7) **"Conversion Price"** initially means the Original Conversion Price, and thereafter any adjustment thereto in accordance with the terms and conditions of this Debenture;
- (8) **"Conversion Right"** has the meaning attributed thereto in Section 4.1;
- (9) **"Current Market Price"** of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX or, if the Common Shares are not then listed on the TSX, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of 20 consecutive trading days ending on the third business day before such date; provided that the weighted average price shall be

determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation;

- (10) **"Debentureholders"** means the holders of Debentures;
- (11) **"Debentures"** means this senior unsecured convertible debenture and any other debentures substantially on the same terms as this debenture issued by the Borrower under the Offering;
- (12) **"Event of Default"** has the meaning attributed thereto in Section 6.1;
- (13) **"Exchange"** means the Toronto Stock Exchange or such other stock exchange on which the Common Shares are listed and posted for trading;
- (14) **"Issue Date"** has the meaning attributed thereto in Section 4.2(1);
- (15) **"Lien"** means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement, upon or with respect to any property of such Person;
- (16) **"Maturity Date"** means the date that is six years from the date of issuance of this Debenture;
- (17) **"Merger"** means any transaction (whether by way of arrangement, amalgamation, merger, transfer, sale or lease) whereby all or substantially all of the Borrower's assets would become the property of any other Person, or, in the case of any such arrangement, amalgamation or merger, of the continuing corporation or other entity resulting therefrom;
- (18) **"Offering"** means the offering of Debentures in the aggregate principal amount of up to \$35,000,000 to be issued by the Borrower, as announced in the Borrower's press release dated April 3, 2018;
- (19) **"Original Conversion Price"** means \$0.32;
- (20) **"Permitted Acquisition"** means, with respect to any Person, any transaction by which such Person acquires as a going concern the business of, or all or substantially all of the assets of any corporation or other business entity or division thereof or any other Person, whether through purchase of assets, purchase of shares or other equity interests, amalgamation, merger, joint venture or otherwise, but in each case only if:
 - (a) no Event of Default is continuing on the date of the acquisition or would occur as a result of such acquisition;
 - (b) the Person or Persons from whom the acquisition is made are at arm's length to such Person;
 - (c) the relevant business is related to the strategic objectives of the business carried on by such Person; and

- (d) the aggregate purchase price for the acquisition (including any direct or indirect payments made to any of the vendors in connection therewith) does not exceed the fair market value of the business being acquired;
- (21) **"Permitted Encumbrances"** has the meaning given to such term in Section 6.2(2);
- (22) **"Permitted Secured Debt"** means, with respect to the Borrower or the Subsidiaries, any Secured Debt of the Borrower or the Subsidiaries that:
- (a) is existing at the date of the Subscription Agreement as set out herein in Schedule D;
 - (b) is owing by the Subsidiary to the Borrower or to another wholly-owned subsidiary of the Borrower;
 - (c) is incurred or assumed by the Borrower or the Subsidiaries in the ordinary course of the Borrower's or the Subsidiaries' business;
 - (d) is the US\$142 million senior ranking debt facility offered by the Senior Lenders thereunder or any other lender, to the Borrower or the Subsidiaries, pursuant to a credit agreement dated May 18, 2018;
 - (e) is incurred or assumed by the Borrower or the Subsidiaries in connection with a Permitted Acquisition; or
 - (f) is Secured Debt incurred by the Borrower or the Subsidiaries in connection with any extension, renewal or refinancing of any of the foregoing provided that the applicable outstanding principal amount is not increased.
- (23) **"Permitted Subordinated Debt"** means any and all indebtedness incurred or assumed by the Borrower or the Subsidiaries after the date of issue of this Debenture in respect of which all obligations of payment and performance, together with all security interests or collateral granted as security for payment and performance, are fully postponed and subordinated to the indebtedness owed to and security held by the holders of Debentures;
- (24) **"Person"** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof;
- (25) **"Secured Debt"** means, with respect to any Person, any obligation of such Person for borrowed money that is secured in any manner by any Lien on any real or personal property of such Person;
- (26) **"Subscription Agreement"** means the subscription agreement dated May 3, 2018 between the Lender and the Borrower;
- (27) **"Subsidiary"** means (i) in respect to the Borrower has the meaning ascribed thereto in the *Securities Act* (British Columbia) and (ii) as to any Person, any corporation or other business entity in which such Person or one or more of its Subsidiaries owns, directly or indirectly, sufficient equity or voting interests to enable it or them (as a group) to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50.0% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries;
- (28) **"Taxes"** means any present or future income and other taxes, levies, rates, royalties, deductions, withholdings, assessments, fees, dues, duties, imposts and other charges of any nature whatsoever,

together with any interest and penalties, additions to tax and other additional amounts, levied, assessed or imposed by any governmental authority;

(29) "trading day" means a day on which the Exchange is open for trading (or if the Borrower's Common Shares are not then listed on the Exchange, such other recognized stock exchange or quotation system on which the Common Shares may trade or be quoted); and

(30) "Warrants" has the meaning given to such term in Section 2.4.

Section 1.2 Headings

The inclusion of headings in this Debenture is for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Currency

Unless otherwise indicated, all amounts in this Debenture are stated and shall be paid in the lawful currency of Canada.

Section 1.4 Number, Gender and Persons

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

Section 1.5 Severability

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

Section 1.6 Entire Agreement

This Debenture, including any schedules attached hereto, constitutes the entire agreement between the Borrower and the Lender relating to the subject matter hereof, and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements, understandings, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

ARTICLE 2 – PAYMENT OF PRINCIPAL, INTEREST AND OTHER CONSIDERATIONS

Section 2.1 Repayment of Principal

Subject to the terms and conditions hereof, the Principal Amount outstanding on this Debenture shall be repaid by the Borrower to the Lender on the Maturity Date.

Section 2.2 No Interest Payable

The Debentures shall not bear interest unless an Event of Default occurs (as further set out in Article 7 hereto) and has not been waived by the Lender, in which case, interest shall accrue and be payable on the Principal Amount outstanding at a rate equal to 15% per annum (based on a year of 365 days), compounded quarterly, from and after the date of the default until the full repayment of the Principal Amount and shall be payable at the end of each calendar month.

Section 2.3 Rank

The Debentures will constitute senior unsecured indebtedness of the Borrower. Each Debenture will rank *pari passu* with each other Debenture, in right of payment of principal and interest, if any, (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, in priority to all other indebtedness of the Borrower incurred after completion of the Offering, other than the Permitted Secured Debt incurred under Section 6.2(1).

Section 2.4 Warrants

Upon issuance of this Debenture, the Borrower shall issue to the Lender such number of warrants ("Warrants") equal to 50.0% of the number of Common Shares that the Lender would receive if the Principal Amount of this Debenture were converted at the Original Conversion Price, on the terms and conditions set out in the Warrant certificate.

ARTICLE 3 – PREPAYMENT, REDEMPTION OR PURCHASE OF DEBENTURE

Section 3.1 Prepayment

Subject to the terms and conditions of the Permitted Secured Debt described in section 1.1(22), and prior to demand, at any time after giving thirty (30) days written notice to the Lender, from time to time, the Borrower may elect to prepay this Debenture, without bonus or penalty, at a price equal to the greater of (a) the Principal Amount outstanding under this Debenture; and (b) the Current Market Price multiplied by the number of Common Shares issuable upon full conversion of this Debenture at the time of prepayment at the Conversion Price, which payment shall be made in immediately available funds and without any deduction or withholding.

Section 3.2 Redemption or Conversion if Change of Control

The Borrower shall notify the Lender of any pending Change of Control or Merger in accordance with Section 3.3, and the Lender shall, in their sole discretion, have the right to require the Borrower to, either: (i) purchase the Debenture at 100.0% of the then outstanding Principal Amount thereof; or (ii) if the Change of Control results in a new issuer, convert the Debenture into a replacement debenture of the new issuer in the aggregate principal amount of 101.0% of the Principal Amount of the Debenture then outstanding on substantially equivalent terms to those terms contained herein.

Section 3.3 Notice of Change of Control

Upon the occurrence of any event constituting or reasonably likely to constitute a Change of Control or Merger, the Borrower shall give written notice to the Lender of such Change of Control or Merger at least thirty (30) days or as soon as reasonably possible prior to the effective date of any such Change of Control or Merger and another written notice on or immediately after the effective date of such Change of Control or Merger.

Section 3.4 Purchases for Cancellation

The Borrower will have the right at any time and from time to time to purchase the Debentures in the market, by tender, or by private contract.

ARTICLE 4 – CONVERSION

Section 4.1 Conversion Right.

(1) Upon and subject to the terms and conditions hereinafter set forth, the Lender shall have the right (the "**Conversion Right**"), but not the obligation, at any time, and from time to time, up to and including earlier of: (a) the Business Day immediately preceding the Maturity Date; and (b) the Business Day prior to any repurchase of the Debenture in accordance with terms hereof, to notify the Borrower that it wishes to exchange or convert, for no additional consideration, all or any part of the Principal Amount of this Debenture into fully paid and non-assessable Common Shares at the Conversion Price in effect on the Issue Date (as hereinafter defined), provided that the Lender must exchange or convert the Principal Amount of this Debenture in a minimum amount of \$100,000, unless the Principal Amount outstanding is less than \$100,000 in which case, the entire Principal Amount outstanding. Nothing contained herein shall confer any right upon the Lender to convert any portion of this Debenture or its Warrants, pursuant to the terms and provisions of the Subscription Agreement, to the extent that after giving effect to such conversion the Lender, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the *Securities Act* (British Columbia)) with the Lender and its affiliates, would beneficially own in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such conversion.

(2) The Conversion Right shall extend only to the maximum number of whole Common Shares into which the Principal Amount of this Debenture or any part thereof may be converted in accordance with this Section 4.1. Fractional interests in Common Shares shall be adjusted in the manner provided in Section 4.4.

Section 4.2 Conversion Procedure

(1) The Conversion Right may be exercised by the Lender by completing and signing the notice of conversion (the "**Conversion Notice**") attached hereto as Schedule B, and delivering the Conversion Notice and this Debenture to the Borrower. The Conversion Notice shall provide that the Conversion Right is being exercised, shall specify the Principal Amount being converted and shall set out the date (the "**Issue Date**") on which Common Shares are to be issued upon the exercise of the Conversion Right (such date to be no earlier than five (5) Business Days and no later than ten (10) Business Days after the day on which the Conversion Notice is issued). The conversion shall be deemed to have been effected immediately prior to the close of business on the Issue Date and the Common Shares issuable upon conversion shall be deemed to be issued as fully paid and non-assessable at such time. Within ten (10) Business Days after the Issue Date, a certificate for the required number of Common Shares shall be issued to the Lender. If less than all of the Principal Amount of this Debenture is the subject of the Conversion Right, then within ten (10) Business Days after the Issue Date, the Borrower shall deliver to the Lender a replacement Debenture in the form hereof in the principal amount of the unconverted principal balance hereof, and this Debenture shall be cancelled. If the Conversion Right is being exercised in respect of the entire Principal Amount of this Debenture, this Debenture shall be cancelled.

Section 4.3 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

(1) If and whenever at any time prior to the Maturity Date, the Borrower shall issue any Common Shares, or securities convertible into Common Shares (other than those Common Shares and securities convertible into Common Shares issued or issuable pursuant to the Borrower's equity incentive plan and other issuances in the ordinary course of business) that is less than the Original Conversion Price (such price, the "**Lower Conversion Price**"), the Conversion Price shall be adjusted downwards to match the Lower Conversion Price, provided that such Lower Conversion Price shall not be less than \$0.24.

(2) If and whenever at any time prior to the Maturity Date, the Borrower shall:

- (a) subdivide or re-divide the outstanding Common Shares into a greater number of Common Shares;
- (b) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares;
- (c) issue Common Shares (or securities convertible into or exchangeable for Common Shares) to the holders of all or substantially all of the outstanding Common Shares by way of stock dividend; or
- (d) make a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares,

the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares (or securities convertible into or exchangeable for Common Shares) by way of a stock dividend or other distribution, as the case may be, shall, in the case of the events referred to in Sections 4.3(2)(a), (c) and (d) above, be decreased in proportion to the increase in the number of outstanding Common Shares resulting from such subdivision, redivision or dividend (including, in the case where securities convertible into or exchangeable for Common Shares are issued, the number of Common Shares that would have been outstanding had such securities been converted into or exchanged for Common Shares on such effective or record date) or shall, in the case of the events referred to in Section 4.3(2)(b) above, be increased in proportion to the decrease in the number of outstanding Common Shares resulting from such reduction, combination or consolidation on such effective or record date. Such adjustment shall be made successively whenever any event referred to in this Section 4.3(1) shall occur. Any such issue of Common Shares (or securities convertible into or exchangeable for Common Shares) by way of a stock dividend or other distribution shall be deemed to have been made on the record date for the stock dividend or other distribution for the purpose of calculating the number of outstanding Common Shares under Sections 4.3(3) and (4); to the extent that any such securities are not converted into or exchanged for Common Shares prior to the expiration of the conversion or exchange right, the Conversion Price shall be readjusted effective as at the date of such expiration to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued on the exercise of such conversion or exchange right.

(3) If and whenever at any time prior to the Maturity Date, the Borrower shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than forty-five (45) days after such date of issue (such period from the record date to the date of expiry being referred to in this Section 4.3(3) as the "**Rights Period**"), to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) (such subscription price per Common Share (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) being referred to in this Section 4.3(3) as the "**Per Share Cost**"), the Borrower shall give written notice to the Lender with respect thereto (any of such events herein referred to as a "**Rights Offering**"), and the Lender shall have fifteen (15) days after receipt of such notice to elect to

convert any or all of the Principal Amount of this Debenture into Common Shares at the then applicable Conversion Price and otherwise on terms and conditions set out in this Debenture. If the Lender elects to convert any or all of the Principal Amount of this Debenture, such conversion shall occur immediately prior to the record date for the issuance of such rights, options or warrants. If the Lender elects not to convert any of the Principal Amount of this Debenture, there shall continue to be an adjustment to the Conversion Price as a result of the issuance of such rights, options or warrants, in the manner hereinafter provided. The Conversion Price will be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (a) the numerator of which is the aggregate of:
 - (i) the number of Common Shares outstanding as of the record date for the Rights Offering; and
 - (ii) the number determined by dividing the product of the Per Share Cost and:
 - (A) where the event giving rise to the application of this Section 4.3(3) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or
 - (B) where the event giving rise to the application of this Section 4.3(3) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,
- by the Current Market Price (as defined herein) of the Common Shares as of the record date for the Rights Offering; and
- (iii) the denominator of which is
 - (A) in the case described in subparagraph 4.3(3)(a)(ii)(A), the number of Common Shares outstanding, or
 - (B) in the case described in subparagraph 4.3(3)(a)(ii)(B), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 4.3(3)(a)(ii)(B) had been issued,

as at the end of the Rights Period.

Any Common Shares owned by or held for the account of the Borrower or any subsidiary or affiliate (as defined in the *Securities Act* (British Columbia)) of the Borrower will be deemed not to be outstanding for the purpose of any such computation.

If by the terms of the rights, options or warrants referred to in this Section 4.3(3), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange

price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of

- (a) the lowest purchase, conversion or exchange price per Common Share, as the case may be, if such price is applicable to all Common Shares which are subject to the rights, options or warrants, and
- (b) the average purchase, conversion or exchange price per Common Share, as the case may be, if the applicable price is determined by reference to the number of Common Shares acquired.

To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 4.3(3) as a result of the fixing by the Borrower of a record date for the distribution of rights, options or warrants referred to in this Section 4.3(3), the Conversion Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Lender has exercised its Conversion Right in accordance herewith during the Rights Period, the Lender will, in addition to the Common Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Common Shares equal to the result obtained when the difference, if any, between the Conversion Price in effect immediately prior to, and the Conversion Price in effect immediately following the end of such Rights Offering pursuant to this Section 4.3(3), is multiplied by the number of Common Shares received upon the exercise of the Conversion Right during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this Section 4.3(3); provided that no fractional Common Shares will be issued. Such additional Common Shares will be deemed to have been issued to the Lender immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to the Lender within ten (10) Business Days following the end of the Rights Period.

(4) If and whenever at any time prior to the Maturity Date, the Borrower shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares (or other than securities convertible into or exchangeable for Common Shares), or (ii) rights, options or warrants (other than rights, options or warrants referred to in Section 4.3(3)), or (iii) evidences of its indebtedness, or (iv) assets (other than dividends paid in the ordinary course) then, in each such case, the Borrower shall give written notice to the Lender with respect thereto, and the Lender shall have fifteen (15) days after receipt of such notice to elect to convert any or all of the Principal Amount of this Debenture into Common Shares at the then applicable Conversion Price and otherwise on terms and conditions set out in this Debenture. If the Lender elects to convert any or all of the Principal Amount of this Debenture, such conversion shall occur immediately prior to the record date for the making of such distribution. If the Lender elects not to convert any of the Principal Amount of this Debenture, there shall continue to be an adjustment to the Conversion Price as a result of the making of such distribution, (herein referred to as a "**Special Distribution**") determined in the manner hereafter set out. In this Section 4.3(4) the term "**dividends paid in the ordinary course**" shall include the value of any securities or other property or assets distributed in lieu of cash dividends paid in the ordinary course at the option of shareholders.

The Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (a) the numerator of which is:

- (i) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (ii) the aggregate fair market value (as determined by action by the directors of the Borrower, acting reasonably and subject to the receipt of approval from the TSX) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and
- (b) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Borrower or any subsidiary or affiliate (as defined in the *Securities Act* (British Columbia)) of the Borrower will be deemed not to be outstanding for the purpose of any such computation.

(5) In the case of any reclassification of, or other change in, the outstanding Common Shares pursuant to a Change of Control, if the Lender elects not to redeem this Debenture in accordance with Section 3.1, the Lender may elect, prior to the effective date of such Change of Control, to convert all or any part of the Principal Amount of this Debenture into Common Shares at the Conversion Price and otherwise on terms and conditions set out in this Debenture. To exercise such right the Lender must provide a notice in writing to the Borrower no later than seven (7) days prior to the effective date of such Change of Control, failing which the Lender's right to convert this Debenture as a consequence of such Change of Control shall cease. If the Lender elects to convert any or all of the Principal Amount of this Debenture, such conversion shall occur immediately prior to the effective date of such Change of Control. If the Lender elects not to convert any of the Principal Amount of this Debenture, the Conversion Price in effect after the effective date of such Change of Control shall be increased or decreased, as the case may be, in proportion to any decrease or increase in the number of outstanding Common Shares resulting from such Change of Control so that the Lender, upon exercising the Conversion Right after the effective date of such Change of Control, will be entitled to receive the aggregate number of Common Shares or other securities, if any, which the Lender would have been entitled to receive as a result of such Change of Control if, on the effective date thereof, the Lender had been the registered holder of the number of Common Shares to which the Lender was theretofore entitled upon exercise of the Conversion Right.

(6) In the case of any reclassification of, or other change in, the outstanding Common Shares (other than a change referred to in Section 4.3(1), Section 4.3(3), Section 4.3(4) or 4.3(5) hereof), the Conversion Price shall be adjusted in such manner, if any, and at such time, as the Board of Directors of the Borrower determines to be appropriate on a basis consistent with the intent of this Section 4.3; provided that if at any time a dispute arises with respect to adjustments provided for in this Article 4, such dispute will be conclusively determined by the auditors of the Borrower or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action by the directors of the Borrower, acting reasonably, and any such determination will be binding on the Borrower and the Lender. The Borrower will provide such auditors or accountants with access to all necessary records of the Borrower. If and whenever at any time after the date hereof there is a reclassification or redesignation of the Common Shares outstanding at any time or change of the Common Shares into other shares or into other securities (other than as set out in Section 4.3(1), (3), (4) or (5)), or a consolidation, amalgamation or Merger of the Borrower with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares and other than as set forth in Section 4.3(5)), or a transfer of the undertaking or assets of the Borrower as an entirety or substantially as an entirety to another corporation or other entity (any of such events being called a "Capital Reorganization"), the Lender, upon the exercising the Conversion Right, after the effective date of such Capital Reorganization, will be entitled to receive in lieu of the number of Common Shares to

which the Lender was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property, if any, which the Lender would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Lender had been the registered holder of the number of Common Shares to which such Lender was theretofore entitled upon exercise of the Conversion Right. If determined appropriate by action of the directors of the Borrower, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 4.3 with respect to the rights and interests thereafter of the Lender to the end that the provisions set forth in this Section 4.3 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise of the Conversion Right. Any such adjustment must be made by and set forth in an amendment to this Debenture approved by action by the directors of the Borrower, acting reasonably, and will for all purposes be conclusively deemed to be an appropriate adjustment.

(7) In any case in which this Section 4.3 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Borrower may defer, until the occurrence of such event, issuing to the Lender before the occurrence of such event, the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Borrower shall deliver to the Lender an appropriate instrument evidencing the Lender's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Issue Date or such later date as the Lender would, but for the provisions of this Section 4.3(7), have become the holder of such additional Common Shares pursuant to Section 4.3(3).

(8) The adjustments provided for in this Section 4.3 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other event resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1.0% in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this Section 4.3(8) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

Section 4.4 No Requirement to Issue Fractional Common Shares

The Borrower shall not be required to issue fractional Common Shares upon the conversion of the Debenture pursuant to this Article 4. If any fractional interest in a Common Share, would, except for the provisions of this Section 4.4, be deliverable upon the conversion of any amount hereunder, the number of Common Shares to be issued shall be rounded down to the nearest whole Common Share.

Section 4.5 Borrower to Reserve Common Shares

The Borrower covenants with the Lender that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon exercise of the Conversion Right, and conditionally allot to the Lender, such number of Common Shares as shall then be issuable upon the conversion of this Debenture. The Borrower covenants with the Lender that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

Section 4.6 Certificate as to Adjustment

The Borrower shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.3, deliver an officer's certificate to the Lender specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon

which such calculation is based. Subject to the dispute resolution procedure in Section 4.3(6), such certificate shall be binding and determinative of the adjustment to be made, absent manifest error.

Section 4.7 Shareholder of Record

For all purposes, on the Issue Date or the applicable date specified in Section 4.2 the Lender shall be deemed to have become the holder of record of the Common Shares into which the Principal Amount of this Debenture (or a portion thereof) is converted in accordance with Section 4.2.

ARTICLE 5 – RIGHTS OF DEBENTUREHOLDER

Section 5.1 Distribution on Dissolution, Etc.

Subject to applicable law and the rights of any holders of any Permitted Secured Debt ranking rateably or in priority to the Lender, upon any sale, in one transaction or a series of transactions, of all, or substantially all, of the assets of the Borrower or distribution of the assets of the Borrower upon any dissolution or winding-up or total liquidation of the Borrower, whether in bankruptcy, liquidation, reorganization, insolvency, receivership or other similar proceedings or upon an assignment to or for the benefit of creditors of the Borrower or otherwise any payment or distribution of assets of the Borrower, whether in cash, property or security, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee of or for the benefit of creditors or other liquidating agent of the Borrower making such payment or distribution, directly to the holder of the Debentures or their representatives, to the extent necessary, to pay all obligations pursuant to the Debentures in full.

Section 5.2 Certificate Regarding Creditors

Upon any payment or distribution of assets of the Borrower referred to in this Section 5.2, the Lender shall be entitled to rely upon a certificate of the trustee in bankruptcy, receiver, assignee of or for the benefit of creditors or other liquidating agent of the Borrower making such payment or distribution, delivered to the Lender, for the purpose of ascertaining the Persons entitled to participate in such distribution, and other indebtedness of the Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 5.2.

Section 5.3 Rights of Lender Reserved

Nothing contained in this Article 5 or elsewhere in this Debenture is intended to or shall impair, as between the Borrower and the Lender, the obligation of the Borrower, which is absolute and unconditional, to pay to the Lender the Principal Amount and interest, if any, on the Debenture, as and when the same shall become due and payable in accordance with their terms, nor shall anything herein prevent the Lender from exercising all remedies otherwise permitted by applicable law upon default under this Debenture.

Section 5.4 Payment of Debenture Permitted

Nothing contained in this Debenture shall:

- (a) prevent the Borrower from making payments of the Principal Amount and other amounts to the Lender under this Debenture as herein provided;
- (b) prevent the conversion of this Debenture into Common Shares as herein provided or as otherwise permitted according to law, including in connection with a bankruptcy, reorganization, insolvency, or other arrangement with creditors of the Borrower; and

- (c) prevent the redemption of this Debenture by the Borrower as herein provided or as otherwise permitted according to law.

Section 5.5 Debentures to Rank *Pari Passu*

The Debentures issued by the Borrower, once issued and granted, rank *pari passu* with each other and each Debentureholder shall be equally and proportionately entitled to the benefits hereof as if all of the Debentures had been issued, granted and negotiated simultaneously.

ARTICLE 6 – COVENANTS OF THE BORROWER

Section 6.1 Positive Covenants

The Borrower covenants and agrees, for as long this Debenture remains outstanding, that:

- (1) **Maintain Corporate Existence.** Each of the Borrower and its Subsidiaries shall maintain its corporate existence, and preserve its rights, powers, licenses and privileges which are necessary or material to the conduct of its business, and not materially change the nature of its business;
- (2) **Compliance with Laws.** Each of the Borrower and its Subsidiaries shall comply in all material respects with all applicable laws, rules, governmental restrictions and regulations;
- (3) **Payment of Taxes.** Each of the Borrower and its Subsidiaries shall pay and discharge promptly all Taxes assessed or imposed upon it or its property as and when the same become due and payable save and except where it contests in good faith the validity thereof by proper legal proceedings;
- (4) **Payment of Obligations.** The Borrower shall pay all principal and other amounts owing to the Lender hereunder promptly when due;
- (5) **Performance of Covenants.** The Borrower shall promptly perform and satisfy all covenants and obligations to be performed by it under this Debenture;
- (6) **Maintain Listing.** The Borrower shall use reasonable commercial efforts to maintain the listing of the Common Shares on the Exchange and to maintain the Borrower's status as a "reporting issuer" not in default of the requirements of the Canadian Securities Laws;
- (7) **Notice of Event of Default.** The Borrower shall promptly, and in any event within five (5) Business Days after a responsible officer of the Borrower becoming aware, give notice to the Lender of the existence of any Event of Default.

Section 6.2 Negative Covenants

The Borrower covenants and agrees that, without the prior written consent of the Lender:

- (1) **Indebtedness.** Except for other Debentures issued pursuant to the Offering, the Borrower shall not, and shall not permit its Subsidiaries, to assume any additional indebtedness other than (i) Permitted Secured Debt and (ii) Permitted Subordinated Debt;
- (2) **Encumbrances.** The Borrower shall not, and shall not permit the Subsidiaries to, create, assume or permit to exist any Lien on any assets or property, other than (i) such Liens as existed on the date hereof, (ii) Liens imposed by any governmental authority for any Taxes not yet due and delinquent or which are being contested in good faith, (iii) Liens granted after the date hereof to secure Permitted

Secured Debt and Permitted Subordinated Debt incurred under or assumed by the Borrower or the Subsidiaries after the date hereof under Section 6.2(1) (collectively, the "**Permitted Encumbrances**");

(3) **Distributions.** The Borrower shall not declare, pay or make any dividend or other distribution on any shares in the capital of the Borrower or authorize the repurchase of any shares in the capital of the Borrower without prior written consent signed by the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of Debentures then outstanding (such consent not to be unreasonably withheld, conditioned or delayed);

(4) **Guarantees.** The Borrower shall not become liable under any guarantees or otherwise become a surety for the indebtedness of another Person, other than (i) in the ordinary course of business, or (ii) in connection with Permitted Secured Debt or Permitted Subordinated Debt incurred or assumed by the Borrower or its Subsidiaries under Section 6.2(1);

(5) **Related Party Transactions.** The Borrower shall not enter into any contract or transaction with any related party except for the purchase and/or sale of goods and/or services at fair market value and except for the issuance of securities of the Borrower on the same terms as offered to non-related parties; and

ARTICLE 7 – EVENTS OF DEFAULT

Section 7.1 Events of Default

(1) Any of the following shall constitute an Event of Default under this Debenture (each an "**Event of Default**"):

- (a) the Principal Amount owing hereunder shall not be paid when due;
- (b) if the Borrower fails to pay when due any amount owing by the Borrower to the Lender and such breach or default shall continue for ten (10) Business Days of when it was due;
- (c) if the Borrower breaches any representation contained herein, fails to make any payment or to observe, perform or comply with any term, covenant, condition or obligation of the Borrower contained herein or is otherwise in default of any of the provisions contained herein (other than referred in subparagraphs (a) and (b) of this Section 7.1) and such default, if capable of being remedied, is not remedied within thirty (30) days after the Borrower receives written notice of such default from the Lender;
- (d) if the Borrower shall generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due or if a decree or order of a court having jurisdiction is entered adjudging the Borrower a bankrupt or insolvent;
- (e) if the Borrower shall apply for, consent to or acquiesce in the appointment of a trustee, receiver, or other custodian for the Borrower or for a substantial part of the property thereof, or make a general assignment for the benefit of creditors;
- (f) if the Borrower shall in the absence of such application, consent or acquiescence, become subject to the appointment of a trustee, receiver, or other custodian for the Borrower or for a substantial part of the property thereof, or have a distress, execution, attachment, sequestration or other legal process levied or enforced on or against a substantial part of the property of the Borrower;

- (g) if the Borrower shall permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding, if contested by the Borrower is not dismissed within thirty (30) days;
 - (h) any other notes, debentures, bonds or other indebtedness for money borrowed having an aggregate principal amount of at least \$500,000 (or its equivalent in any other currency or currencies determined at the then current exchange rate) or more (hereinafter called "**Indebtedness**") of the Borrower shall become prematurely repayable following default, or steps are taken to enforce any security therefor, or the Borrower defaults in the repayment of any such Indebtedness at the maturity thereof or (in the case of Indebtedness due on demand) on demand, or, in either case, at the expiration of any applicable grace period therefor, (if any) or any guarantee of or indemnity in respect of any Indebtedness of others given by the Borrower shall not be honored when due and called upon; or
 - (i) the Borrower extends or maintains outstanding any loans, advances, guarantees, (direct or indirect) or other financial support to any insider (as defined in the *Securities Act* (British Columbia)).
- (2) If an Event of Default described in (e), (f) or (g) above shall occur, the entire unpaid principal of this Debenture shall become immediately due and payable without any declaration or other act on the part of the Lender. Immediately upon the occurrence of any Event of Default described in (e), (f) or (g) above, or upon failure to pay this Debenture on the Maturity Date, the Lender, upon notice to the Borrower, may proceed to protect, enforce, exercise and pursue any and all rights and remedies available to the Lender under this Debenture, or at law or in equity.
- (3) If any other Event of Default shall occur for any reason, whether voluntary or involuntary, and be continuing, the Lender may by notice to the Borrower declare all or any portion of the outstanding Principal Amount of this Debenture to be due and payable, whereupon the full unpaid amount of this Debenture which shall be so declared due and payable shall be and become immediately due and payable without further notice, demand or presentment.

ARTICLE 8 – MUTILATION, LOSS, THEFT OR DESTRUCTION OF DEBENTURE CERTIFICATE

In case this Debenture certificate shall become mutilated or be lost, stolen or destroyed, the Borrower, shall issue and deliver, a new replacement debenture certificate upon surrender and cancellation of the mutilated Debenture certificate or, in the case of a lost, stolen or destroyed Debenture certificate, in lieu of and in substitution for the same. In the case of loss, theft or destruction, the applicant for a substituted debenture certificate shall furnish to the Borrower such evidence of the loss, theft or destruction of the Debenture certificate as shall be satisfactory to the Borrower in its discretion and shall also furnish an indemnity and surety bond satisfactory to the Borrower in its discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted debenture certificate.

ARTICLE 9 – GENERAL

Section 9.1 Taxes, etc.

All payments made by the Borrower to the Lender under this Debenture shall be made free and clear of, and without deduction for or on account of, any withholding Taxes now or hereafter imposed by

any official body in any jurisdiction. If any such withholding Taxes are required to be withheld or deducted from any amounts payable by the Borrower to the Lender hereunder, the Borrower shall:

- (a) within the time period for payment permitted by applicable law, pay to the appropriate governmental body the full amount of such withholding Taxes and any additional Taxes in respect of the payment required under Section 9.1(b) hereof and make such reports and filings in connection therewith in the manner required by applicable law; and
- (b) pay to the Lender an additional amount which (after deduction of all withholding Taxes incurred by reason of the payment or receipt of such additional amount) will be sufficient to yield to the Lender the full amount which would have been received by it had no deduction or withholding been made.

Upon the request of the Lender, the Borrower shall furnish to the Lender the original or a certified copy of a receipt for (or other satisfactory evidence as to) the payment of each of the withholding Taxes (if any) payable in respect of such payment. If the Lender receives a refund of any withholding Taxes with respect to which the Borrower has paid any additional amount under this Section 9.1, the Lender shall pay over such refund to the Borrower. Nothing herein is intended to require payment by the Borrower to or for the Lender in respect of any Taxes payable by the Lender in respect of Taxes on the Lenders' own income, capital, capital gains, dividends, or other earnings realized pursuant to payments made pursuant to the terms of this Debenture.

Section 9.2 Notice

All notices or other communications to be given under this Debenture shall be delivered by hand or by facsimile and, if delivered by hand, shall be deemed to have been given on the delivery date and, if sent by facsimile, on the date of transmission if sent before 5:00 p.m., Toronto time, on a Business Day or, if sent after 5:00 p.m., Toronto time, or such day is not a Business Day, on the first Business Day following the date of transmission.

Notices to the Borrower shall be addressed to:

UrtheCast Corp.
1055 Canada Pl #33
Vancouver, BC V6C 0C3

Attention: Sai Chu, Chief Financial Officer
Fax: 604-669-1799
Email: SChu@urthecast.com

with a copy (which shall not constitute notice) to:

Bennett Jones LLP
Suite 2200, 1055 West Hastings Street
Vancouver, BC V6E 2E9

Attention: Christian Gauthier
Fax: 604-891-5100
Email: GauthierC@bennettjones.com

Notices to the Lender shall be addressed to:

SMF Investments Limited
4th Floor, Queen Victoria House
41-43 Victoria Street
Douglas, Isle of Man IM1 2LF

Attention: Stephen Paul Corran
Fax: +44 1624 673990
Email: StephenCorran@bridgewaters.co.im

with a copy (which shall not constitute notice) to:

McMillan LLP
Suite 1500, 1055 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Mark Neighbor
Fax: 604-685-7085
Email: mark.neighbor@mcmillan.ca

The Borrower and the Lender may change its address for service by notice in writing to the other of them specifying its new address for service under this Debenture.

Section 9.3 Change of Control of Borrower

By its acceptance hereof, each of the Borrower and the Lender acknowledges and agrees that in the event a Change of Control or Merger occurs, then all references herein to the Borrower shall extend to and include the entity resulting therefrom or which thereafter will carry on the business of the Borrower.

Section 9.4 Amendments

This Debenture may not be amended or otherwise modified except by an instrument in writing executed by the Borrower and the Lender.

Section 9.5 Waivers

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

Section 9.6 Registration of Debentures

The Borrower shall cause to be kept at the head office of the Borrower in the city of Vancouver, British Columbia a register in which shall be entered the name and latest known address of the Lender and any other holders of Debentures. Such register shall at all reasonable times during regular business hours of the Borrower be open for inspection by the Lender and any such holder. The Borrower shall not be charged with notice of or be bound to see to the performance of any trust, whether express, implied, or

constructive, in respect of this Debenture and may act on the direction of the Lender, whether named as trustee or otherwise, as though the Lender were the beneficial owner of this Debenture.

Section 9.7 Transfer of Debenture

No transfer of this Debenture shall be valid unless made in accordance with applicable laws, including all applicable Canadian Securities Laws. If the Lender intends to transfer this Debenture or any portion thereof, it shall deliver to the Borrower the transfer form attached to this Debenture as Schedule C, duly executed by the Lender. Upon compliance with the foregoing conditions and the surrender by the Lender of this Debenture, the Borrower shall execute and deliver to the applicable transferee a new Debenture registered in the name of the transferee. If less than the full Principal Amount of this Debenture is transferred, the Lender shall be entitled to receive, in the same manner, a new Debenture registered in its name evidencing the portion of the Principal Amount of this Debenture not so transferred. Prior to registration of any transfer of this Debenture, the Lender and the applicable transferee shall be required to provide the Borrower with necessary information and documents, including certificates and statutory declarations, as may be required to be filed under applicable laws.

Section 9.8 Release and Discharge

If the Lender exercises all conversion rights attached to this Debenture pursuant to Article 4 hereof or if the Borrower pays all of the Obligations in full to the Lender, the Lender shall release this Debenture and the Borrower shall be, and shall be deemed to have, discharged of all its obligations under this Debenture.

Section 9.9 Successors and Assigns

This Debenture shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon the Borrower and its successors and permitted assigns.

Section 9.10 Time

Time shall be of the essence of this Debenture.

Section 9.11 Governing Law

This Debenture shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Section 9.12 Further Assurances

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

Section 9.13 Senior Indebtedness

The indebtedness evidenced by this Debenture is subordinated in right of payment to the prior payment in full of any Senior Indebtedness in existence on the Closing Date or hereafter incurred. "Senior Indebtedness" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Debenture, all amounts due in connection with the Permitted Secured Debt.

Schedule B

TO: URTHECAST CORP. (the "Borrower")

FORM OF CONVERSION NOTICE

Pursuant to the Unsecured Senior Convertible Debenture (the "**Debenture**") of the Borrower issued to the undersigned on _____, 2018, the undersigned hereby notifies the Borrower that \$_____ of the principal amount outstanding under the Debenture shall be converted into Common Shares of the Borrower, all in accordance with the terms of the Debenture on _____, 2018.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in FullAddressNumber of Common Shares

DATED this _____ day of _____, 20____.

Schedule C

FORM OF TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (include name and address of the transferee) of \$ _____ principal amount of Unsecured Senior Convertible Debenture of UrtheCast Corp. (the "**Borrower**") registered in the name of the undersigned on the register of the Borrower maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Borrower with full power of substitution.

DATED this _____ day of _____, 20 ____.

Signature of Transferor guaranteed by:

Name of Bank or Trust Company:

Signature of Transferor

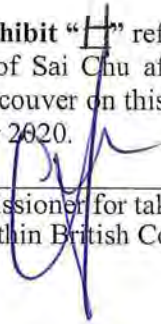
Address of Transferor

Instructions:

1. The name of the Transferor must correspond with the name written upon the face of this Debenture in every particular without any changes whatsoever.
2. The signature of the Transferor on the transfer form must be guaranteed by an authorized officer of a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange, and the Debentureholder must pay any applicable transfer taxes or fees.
3. If the transfer form is signed by a trustee, exercise, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a judiciary or representative capacity, the Debenture must be accompanied by evidence of authority to sign satisfactory to the Borrower.

Schedule D
Permitted Secured Debt existing as at the date of this Subscription Agreement

This is Exhibit "H" referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 2 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia

Execution Copy

AMENDED AND RESTATED SECURED TERM NOTE

1. PAYMENT

1185781 B.C. LTD., a corporation formed under the laws of British Columbia (the “**Borrower**”), acknowledges its borrowing of the Principal Amount from Bolzano Investments Limited (“**Bolzano**”), a company incorporated under the laws of the Isle of Man, and hereby promises to pay to Bolzano or any successor or permitted assign (the “**Holder**”), the Principal Amount and all accrued and unpaid interest thereon on or before January 15, 2020 (the “**Maturity Date**”).

Interest shall accrue daily on the Principal Amount at a rate of (i) fourteen percent (14%) per annum from January 14, 2019 to the date hereof, and (ii) seventeen percent (17%) per annum thereafter, in each case calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in U.S. Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rate shall be increased by two percent (2%) per annum if an Event of Default hereunder has occurred and is continuing (the “**Default Rate Interest**”).

For the purposes of this Note, the term “**Principal Amount**” means, at any time, the aggregate unpaid principal amount advanced under this Note and outstanding at such time.

The Borrower hereby unconditionally, absolutely and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule “A”** to this Note (the “**Grid**”), the dates and amounts of all advances, and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be prima facie evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

“**Applicable Law**” means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

“**Applicable Percentage**” means, at any time, the percentage that (i) the sum of the Principal Amount hereunder, plus all accrued and unpaid interest thereon, plus all other obligation, debt and liability of the Borrower to the Holder hereunder (collectively, the “**Bolzano Indebtedness**”) represents as a proportion of (ii) the sum of (A) the Bolzano Indebtedness, plus, (B) the principal amount outstanding that is owed by the Borrower to Skidmore under the Skidmore Note, plus all accrued and unpaid interest thereon, plus all other obligation, debt and liability of the Borrower to Skidmore under the Skidmore Note at such time. For greater certainty, the sum of the Applicable Percentage and the Applicable Percentage (as defined in the Skidmore Note) shall total 100%.

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"Asset Sale Repayment" has the meaning given to that term in paragraph 8 hereof.

"Assets" has the meaning given to that term in paragraph 8 hereof.

"Business Day" means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

"Change of Control" means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, 100% of the Equity Interests then outstanding of the Borrower.

"Collateral" has the meaning given thereto in the GSA.

"Debt" means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above;

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business, (ii) prepaid or deferred revenue, (iii) deferred income Taxes, (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

"Equity Interests" means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

"Excluded Taxes" means (a) all taxes on, based on, measured by or with respect to the Holder's net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction, (b) Taxes imposed on or with respect to a Holder that does not deal at arm's

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length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment (other than where the non-arm's length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA) and (c) Taxes imposed on or with respect to a Holder that is a "specified non-resident shareholder" of the Borrower, or is a Person not dealing at arm's length with a "specified shareholder" of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a "specified non-resident shareholder", or is a Person not dealing at arm's length with a "specified shareholder" as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

"GAAP" means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

"Geosys Acquisition" means the direct and indirect purchase by the Borrower of all of the issued and outstanding interests in the capital of certain Geosys entities, including Geosys Holdings ULC and Geosys-Intl, Inc., pursuant to that certain Purchase and Sale Agreement, made effective on November 6, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower (as amended by that certain Amending Agreement to Purchase Agreement, made effective on December 10, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower).

"Governmental Authority" means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

"GSA" means that certain general security agreement, dated as of the date hereof, from the Borrower to the Holder and Skidmore, each as secured parties thereunder.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower, (b) the ability of the Borrower to comply with this Note or the GSA, (c) the validity or enforceability of this Note or the GSA, or (d) the value of the Collateral (including the value of any Equity Interests).

"Net Cash Proceeds" means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

"Permitted Liens" means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;

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- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;
- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (a) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (b) any Lien in favour of the Holder; and
- (c) any Lien consented to in writing by the Holder.

“**Person**” means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and “**person**” has the same meaning.

“**Post-Closing Reorganization**” means the amalgamation of the Borrower and Geosys Holdings ULC in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the Income Tax Act (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder

“**Skidmore**” means 1112099 B.C. Ltd.

“**Skidmore Note**” means that certain secured term note dated effective the 14th day of January, 2019 issued by the Borrower, as borrower thereunder, in favour of Skidmore, as holder thereunder, as amended and restated and effective on or about the date hereof.

“**UrtheCast**” means UrtheCast Corp.

“**US Dollars**”, “**US\$**” and “**\$**” each mean the lawful currency of the United States of America.

3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower’s obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and interest thereon shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made to the Holder at its address set out in Section 24 hereof or at such other place as the Holder may from time to time in writing direct, in US Dollars, and shall be applied, subject to the terms of any inter-lender agreement between the Holder and Skidmore, first to amounts other than principal and interest

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owing under this Note or the GSA, then in satisfaction of accrued and unpaid interest (including Default Rate Interest), and the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty, provided that the Borrower concurrently prepays the amounts outstanding under the Skidmore Note *pro rata* in the same proportion as the Applicable Percentage and the Applicable Percentage (as defined in the Skidmore Note).

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

If on any date the Borrower shall receive Net Proceeds of Financing, then 100% of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts then outstanding hereunder and under the Skidmore Note *pro rata* in the same proportion as the Applicable Percentage and the Applicable Percentage (as defined in the Skidmore Note).

5.2 Sale of Assets

Upon the sale of any Assets, the Borrower shall prepay the amounts outstanding under this Note and the Skidmore Note in the manner more particularly set out in paragraph 8 hereof.

6. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Holder as follows:

- (i) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (ii) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (iii) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

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- (iv) The execution of and performance under this Note will not violate: (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower, (iii) the Borrower's notice of articles or articles, or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (v) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (vi) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no Governmental Approval is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA.
- (vii) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (a) the Borrower or its businesses or properties or (b) this Note or the GSA, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (viii) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any Taxes of any material amount.
- (ix) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

7. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (i) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount of this Note and the interest which shall have accrued thereon, on the dates and in the manner and currency specified herein.
- (ii) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (iii) The Borrower shall use the proceeds from the borrowing hereunder to (x) finance a portion of the purchase price for the Geosys Acquisition and (y) for general corporate purposes.

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- (iv) The Borrower shall maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.
- (v) The Borrower shall comply with Applicable Law in all material respects.
- (vi) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (vii) The Borrower shall not create, incur or assume any Debt other than Debt secured by Permitted Liens in existence on the date hereof unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (viii) The Borrower shall not at any time during the term of this Note (A) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral, (B) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets or (C) permit any new Liens to be placed on such Collateral or income-producing assets, except for Permitted Liens.
- (ix) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Post-Closing Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Post-Closing Reorganization).
- (x) the Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.
- (xi) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business.
- (xii) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (xiii) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

8. URTHECAST COVENANTS

UrtheCast hereby covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder, it shall:

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- (i) provide to the Holder evidence satisfactory to the Holder that it has used commercially reasonable efforts to sell, on or before December 31, 2019, any assets of UrtheCast Imaging S.L.U. and/or its subsidiaries as determined in the reasonable opinion of UrtheCast (collectively, the “Assets”); and
- (ii) on or before December 31, 2019, cause the obligations under this Note to have been repaid to the Holder (the “**Asset Sale Repayment**”) in an amount equal to the Applicable Percentage of the net cash proceeds of any such sale of Assets remaining after repayment of any debt owing to any existing secured lender, in an amount not to exceed the aggregate of the principal amount of €15,500,000 (Euros), any interest thereon (including any capitalized interest), fees, costs and expenses and any other amounts due and owing in connection with such loan and related loan documents, and including any fees, costs and expenses incurred in connection with the sale of the Assets, and secured by a Lien on such Assets, which Asset Sale Repayment shall be made by the purchaser of such Assets directly to the Holder and Skidmore *pro rata* in the same proportion as the Applicable Percentage and the Applicable Percentage (as defined in the Skidmore Note) pursuant to a direction from the seller of such Assets.

9. CRIMINAL RATE OF INTEREST

In no event shall the aggregate “interest” (as defined in Section 347 (the “**Criminal Code Section**”) of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such “interest” is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such “interest” shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

10. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the “deemed interest period”) is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the borrowing hereunder based on the methodology for calculating per annum rates provided for in this Note. The Holder agrees that if requested in writing by the Borrower it will calculate the nominal and effective per annum rate of interest on the borrowing outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Note or the GSA, nor result in any liability to the Holder. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Note or the GSA, that the interest payable under this Note and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law or legal principle.

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11. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new Note which shall carry the same rights carried by this Note, stating that such Note is issued in replacement of this Note, making reference to the original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

12. PAYMENTS CLEAR OF TAXES

(a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section 12 shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing Taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.

(b) If the Borrower shall be required by Applicable Law to deduct or withhold any Taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or Taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such Taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

13. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and all accrued and unpaid interest shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an “**Event of Default**”):

- (i) the Borrower fails to make payment when due of the Principal Amount or any accrued interest thereon;
- (ii) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;

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- (iii) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within 30 days after the Holder gives written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 7(viii) above);
- (iv) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (v) the Borrower defaults in the performance of or compliance with any term of the Skidmore Note or the performance of or compliance with any term of any evidence of any other indebtedness relating to an amount in excess of \$250,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists (which default or condition has not been cured or waived prior to any action being taken hereunder with respect to such default), and as a consequence of such default or condition such indebtedness has become due and payable before its stated maturity or before its regularly scheduled date of payment;
- (vi) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (vii) the Borrower shall (a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (e) take any corporate action authorizing, or in furtherance of, any of the foregoing;

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- (viii) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or conveys any of such subsidiary's material income-producing assets to a third party without consent from the Holder; or
- (ix) a Change of Control has occurred.

14. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (i) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and interest thereon and all other amounts owing hereunder and the under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.
- (ii) The Holder may, in addition to all of its rights and remedies hereunder, the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (iii) Any sum received by the Holder and Skidmore at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied *pro rata* in the same proportion as the Holder's Applicable Percentage and the Applicable Percentage (as defined in the Skidmore Note), and each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder or by the Holder and Skidmore under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any) and other amounts due hereunder other than with respect to the Principal Amount; (iv) third, to amounts due hereunder with respect to the Principal Amount; and (v) fourth, any excess shall be paid to the Borrower.

15. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 13 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

16. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

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Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

17. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

18. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

19. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

20. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

21. EXPENSES/INDEMNITY

Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (i) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto), or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

22. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

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23. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

24. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section referred to as a “**Notice**”) shall be made in writing and except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

(a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC
V6C 0C3
Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

(b) to the Holder, at:

Bolzano Investments Limited
Queen Victoria House, 41-43 Victoria Street
Douglas, Isle of Man, IM1 2LF

Attention: Mr. Anthony Peter Arzt
Fax: 44 (0) 1624 673990
Email: TonyArzt@bridgewaters.co.im

Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section.

25. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the “**Original Currency**”) into another currency (the “**Second Currency**”), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the

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amount of the Original Currency able to be so purchased is less than the amount originally due in the Original Currency, the Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

26. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

27. EFFECT OF AMENDMENT AND RESTATEMENT

The parties hereto acknowledge and agree that this Note amends, restates and replaces in its entirety the promissory note dated January 14, 2019 made by the Borrower in favour of the Holder (the “**Existing Note**”) and that all amounts outstanding under the Existing Note that remain outstanding upon the effective date of this Note shall constitute amounts outstanding hereunder governed by the terms hereof and shall continue to be secured by the GSA. The Existing Note has been amended, restated and replaced by this Note solely for the purpose of reflecting amendments to the Existing Note which the parties have agreed upon. Also, for greater certainty, all references to this Note contained in the GSA or any other security delivered to the Holder prior to the effectiveness of this Note shall be references to this Note without further amendment to the GSA or such other security.

[signature page follows]

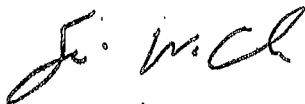
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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED effective the 26th day of June, 2019.

1185781 B.C. LTD.

by its authorized signatory:

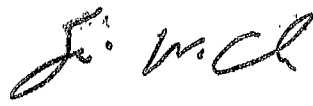


Name: Sai Chu
Title: Director

AGREED TO by UrtheCast on the 26th day of June, 2019, solely in connection with its obligations under paragraph 8 hereof and the confirmation in the definition of Skidmore Note.

URTHECAST CORP.

by its authorized signatory:



Name: Sai W. Chu
Title: Chief Financial Officer

AGREED TO AND ACCEPTED by the Holder on the _____ day of June, 2019.

**BOLZANO INVESTMENTS
LIMITED**

by its authorized signatory:

Name:
Title:

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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED effective the ____ day of June, 2019.

1185781 B.C. LTD.
by its authorized signatory:

Name:
Title:

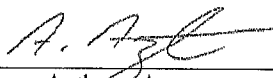
AGREED TO by UrtheCast on the ____ day of June, 2019, solely in connection with its obligations under paragraph 8 hereof and the confirmation in the definition of Skidmore Note.

URTHECAST CORP.
by its authorized signatory:

Name:
Title:

AGREED TO AND ACCEPTED by the Holder on the 26th day of June, 2019.

**BOLZANO INVESTMENTS
LIMITED**
by its authorized signatory:



Name: Anthony Arzt
Title: Director

Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
January 14, 2019	US \$2,577,319.59		US \$2,577,319.59		

THIS PARTICIPATION AGREEMENT is dated the 30th day of January, 2019.

BETWEEN:

BOLZANO INVESTMENTS LIMITED

("Bolzano")

OF THE FIRST PART

- and -

1194249 B.C. LTD.

(the "Participant")

OF THE SECOND PART

MARK J. PIEGZA

WILLIAM (MAC) EVANS

JAMES TOPHAM

JOHN (JACK) SHANNON

DONALD OSBORNE

SAI CHU

(together, the "Directors and Executives")

OF THE THIRD PART

WHEREAS Bolzano is the holder of a secured term note dated January 14, 2019 and issued by 1185781 B.C. Ltd. (the "**Borrower**") to Bolzano (the "**Note**");

AND WHEREAS the Borrower has granted to Bolzano and 1112099 B.C. ("**Skidmore**") a general security and pledge agreement dated January 14, 2019 (the "**GSA**") as security for the Note and a secured term note also dated January 14, 2019 and issued by the Borrower to Skidmore (the "**Skidmore Note**");

AND WHEREAS Bolzano and Skidmore are parties to a intercreditor agreement dated January 14, 2019 (the "**Intercreditor Agreement**") which provides that the security interests of Bolzano and Skidmore under the GSA rank *pari passu* with each other;

AND WHEREAS The Directors and Executives are directors and/or executives of UrtheCast Corp., the indirect parent of the Borrower;

AND WHEREAS the Directors and Executives have agreed with Bolzano to lend an aggregate of US\$550,216 (the "**Participant's Advance**") to the Borrower;

AND WHEREAS the Participant has been incorporated for the purpose of making the Participant's Advance;

AND WHEREAS Bolzano and Skidmore have agreed that, except in the circumstances hereinafter set out, the Participant's Advance shall rank *pari passu* with advances made by Bolzano under the Note and advances made by Skidmore under the Skidmore Note and that the Participant's Advance shall be secured by the GSA on a *pari passu* basis with the Advances by Bolzano under the Note and advances by Skidmore under the Skidmore Note;

AND WHEREAS to facilitate the foregoing, Bolzano and Skidmore have agreed that the Participant's Advance will be made under the Note (and evidenced by entry on the grid attached to and forming part of the Note);

AND WHEREAS this Agreement sets out the agreement of the parties with respect to the Note and the other matters outlined in the foregoing recitals.

NOW WITNESSES that in consideration of the premises and other good and valuable consideration paid by each of the parties hereto to the other, the parties agree as follows:

1. INTERPRETATION

1.1 Definitions. The following terms shall have the meanings specified below:

"Advance" means an advance made under the Note whether or not made at the request of the Borrower and includes advances made on account of costs and expenses paid or incurred by, or on behalf of, Bolzano and the Participant, including, but not limited to Protective Disbursements;

"Agreement" means this Participation Agreement, as amended and supplemented from time to time;

"Business Day" means any day other than a Saturday or Sunday on which banks in Vancouver, British Columbia are open for general business;

"Bolzano's Interest Portion" means, at any time, 100% of the accrued and unpaid interest due and owing under the Note at such time, less the Participant's Interest Portion at such time;

"Bolzano's Portion" means, at any time, 100%, less the Participant's Portion at such time;

"Bolzano's Principal Portion" means, at any time, 100% of the principal balance and outstanding amount of the Note, at such time, less the Participant's Principal Portion at such time;

"Borrower Default" means an Event of Default (as defined in the Note Documentation);

"Collateral" means the present and after-acquired property of the Borrower which is now or hereafter subject to a security interest created by the GSA or other Note Documentation;

"Encumbrance" means any mortgage, pledge, charge (whether fixed or floating), hypothec, assignment, security interest, lien, privilege title retention agreement, levy, execution attachment or other encumbrance (whether statutory or otherwise) whatsoever of any nature or kind and howsoever created;

"Note Documentation" means the Note, the GSA, the Intercreditor Agreement and all other security and supporting or other documents relating to the Note, the GSA, or the Intercreditor Agreement, all as amended, supplemented and restated from time to time;

"Participant's Interest Portion" means, at any time, the accrued and unpaid interest due and owing to the Participant in accordance with this Agreement, divided by the aggregate amount of accrued and unpaid interest due and owing under the Note at such time and expressed as a percentage;

"Participant's Principal Portion" means, at any time, the aggregate of the outstanding balance of the Participant's Advance and of all other Advances by the Participant, divided by the outstanding balance of all Advances under the Note at such time and expressed as a percentage;

"Participant's Portion" means, at any time, the aggregate of the Participant's Principal Portion and the Participant's Interest Portion, at such time, divided by the total of the outstanding balance of principal and accrued and unpaid interest due and owing under the Note at such time and expressed as a percentage;

"Person" means an individual, a partnership (general or limited), a corporation, a trust, an unincorporated association, a joint venture or other entity;

"Protective Disbursement" shall have the meaning attributed thereto in section 4.2;

"Realization Proceedings" mean any proceeding, action or step taken for the purpose of having the Note repaid in whole or in part or instituting proceedings for the enforcement and realization of any of the Note Documentation, including without limitation:

- (i) issuing a demand for payment or a notice of intention to enforce security pursuant to the *Bankruptcy and Insolvency Act* of Canada;
- (ii) recovering, gathering in or realizing any collateral comprised in the Note Documentation; and
- (iii) exercising or enforcing any right or remedy under any Note Documentation or at law or equity,

and "realize" and "realizing" and "realization" will be construed accordingly;

"Receiver" means a receiver, interim receiver, administrative receiver, or receiver-manager, whether appointed pursuant to any of the Note Documentation or by a Court; and

"UrtheCast Group" means collectively UrtheCast Corp. and its direct and indirect subsidiaries, including, without limitation, the Borrower, and means individually any Person which is a member of the UrtheCast Group.

- 1.2 **Currency.** Unless otherwise specified, a statement of, or reference to, a dollar amount in this Agreement without currency specification shall mean United States dollars.
- 1.3 **Governing Law, Jurisdiction, and Legal Costs.** This Agreement shall be governed by, and construed in all respects in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties hereto agree that any litigation between them or any of their respective affiliates arising out of, connected with, relating to, or incidental to the relationship established between them in connection with this Agreement, and whether arising in contract, tort, equity or otherwise, shall be resolved by courts located in Vancouver, British Columbia by judge alone (no jury).
- 1.4 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.
- 1.5 **Severability.** If any one or more of the provisions contained in this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the balance of such provisions or the remaining provisions contained herein shall not in any way be affected or impaired thereby.

- 1.6 **Parties in Interest.** This Agreement shall enure to the benefit of and be binding on Bolzano and the Participant and their respective successors and permitted assigns.
- 1.7 **Headings.** The headings to the parts, sections and clauses of this Agreement are inserted for convenience only and shall not affect the construction hereof.
- 1.8 **Cross References.** Unless otherwise stated, a reference in this Agreement to a numbered or lettered part, section or clause refers to the part, section or clause bearing that number or letter in this Agreement.
- 1.9 **References to this Agreement.** The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular numbered or lettered part or section or other subdivision of this Agreement.
- 1.10 **Included Words.** Whenever the singular or the masculine is used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

2. PARI PASSU AND GENERAL PRINCIPLES

2.1 Pari Passu

Except as otherwise provided in this Agreement, and in particular and without limitation, section 2.2, Bolzano and the Participant shall rank *pari passu*, and neither of them shall have any priority over the other, with respect to the Note and any payments received from time to time under the Note or the Note Documentation.

2.2 Exception to Pari Passu.

Notwithstanding section 2.1 and anything else in this Agreement, if without the prior written consent of the Bolzano:

- (a) the Borrower makes a general assignment for the benefit of creditors or commences any bankruptcy, reorganization, debt or creditors' arrangement or any case or proceeding for the receivership of the Borrower or any other case or proceeding under bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower; or
- (b) the Participant or any of the Directors and Executives commences, or causes, induces or counsels any Person to, take or commence, any case, proceeding or action, referred to in section 2.2(a);

then the Participant's Portion shall then and at all times thereafter (automatically and without further act) subordinated in all respects to Bolzano's Portion and the Participant shall not be entitled to receive any monies under this Agreement or otherwise on account of the Participants' Portion until all of Bolzano's Portion and all other monies payable to Bolzano under the Note Documentation and this Agreement have been received in full by Bolzano.

2.3 Acknowledgements and Agreements.

- (a) The Participant and each of the Directors and Executives acknowledges and agrees that it has read and reviewed the Note, the GSA, the Intercreditor Agreement and the other Note Documentation with its legal and financial advisors and is satisfied with the terms of each and, without limitation, acknowledges that the Note Documentation and the Intercreditor Agreement contain limitations and restrictions on Bolzano's rights under the Note and the GSA;

- (b) The Participant and each of the Directors and Executives acknowledges and agrees that the Participant's Advance and its participation in the Note is a commercial transaction which the Participant has entered into voluntarily and without representation or warranty by Bolzano and that the Participant's Advance does not represent an investment in Bolzano or a debt of Bolzano to the Participant;
- (c) The Participant and the Directors and Executives shall not, at any time, save as set out in this Agreement, be entitled to collect and receive payments of interest, principal and other amounts on account of the Participant's Advance. Any payments received by the Participant from the UrtheCast Group on account of the Note shall be received in trust for Bolzano and paid over to Bolzano within two Business Days after receipt by the Participant. Bolzano shall then deal with such payments in accordance with this Agreement as if such payments had been received by Bolzano directly from the UrtheCast Group.

2.4 No Representation, Warranty, or Guarantee by Bolzano

- (a) The Participant's Advance is made without recourse to Bolzano, except in respect of obligations specifically contained in this Agreement. Bolzano makes no express or implied representations or warranties with respect to the Note or any Note Documentation, or with respect to the Borrower including but not limited to the Borrowers' ability to repay the Note. The Participant acknowledges that it has direct knowledge of the Borrower and that it is not relying on Bolzano with respect to its decision to advance the Participant's Advance.
- (b) The Participant hereby represents and warrants to Bolzano that: (i) it is duly authorized and empowered to enter into this Agreement and to perform its obligations hereunder, (ii) it, or any representative of the Participant executing this Agreement, is duly authorized to execute and deliver this Agreement, (iii) the Participant's Advance and the performance of its obligations hereunder are permitted under the laws, rules and regulations applicable to the Participant, (iv) it is not relying upon any representation or warranty of Bolzano with regard to any fact or matter whatsoever, (v) it is solely responsible for making its own appraisal and investigations of the financial condition, credit worthiness and affairs of the Borrower as it considers necessary and has not relied upon any investigations or evaluations made by Bolzano, and (vi) it is solely responsible for funding its Participant's Advance in accordance with the terms of this Agreement.
- (c) Bolzano does not guarantee or warrant the legality, validity, genuineness, sufficiency, enforceability or collectability of the indebtedness evidenced by any of the Note Documentation or of any interests in property created or intended to be created by such documents. Bolzano shall not have any duty or responsibility to provide the Participant with any credit or other information concerning the financial condition and business of the UrtheCast Group. Bolzano shall not be responsible for any statement, representation or warranty made by the UrtheCast Group in or in connection with the Note Documentation or the Participant's Advance.

3. PARTICIPANT'S ADVANCE

- (a) The Directors and Executives shall advance the Participant's Advance to the Borrower pursuant to a direction to pay dated the date hereof from Bolzano to the Participant;
- (b) The Participant shall, upon disbursement of the Participant's Advance to the Borrower (or as its may direct), and subject to the terms of this Agreement, become

the owner of an undivided interest in the Note, in an amount equal to the Participant's Portion;

- (c) Bolzano shall hold the Note on behalf of itself and the Participant, in trust, in accordance with their respective interests in the Note from time to time; and
- (d) The Participant shall acquire no right, title or interest in the Note Documentation, other than the Note.

4. FURTHER ADVANCES AND PROTECTIVE DISBURSEMENTS

- 4.1 **Further Advances by Bolzano.** The Participant acknowledges that Bolzano may make further advances under the Note from time to time and that all such advances shall rank *pari passu* with the Participant's Advance and that Skidmore may make further advances under the Skidmore Note from time to time.
- 4.2 **Protective Disbursements.** In the event Bolzano determines that it is necessary or desirable to make disbursements in order to safeguard the security, cure defaults, or perform covenants of the Borrower with respect to the Note and the Note Documentation or for maintenance, improvement, taxes and any other expenses in connection with the acquisition, holding, management and sale of such Collateral (all, "**Protective Disbursements**"), Bolzano may Advance such Protective Disbursements.
- 4.3 **Reimbursement of Bolzano.** The Participant shall reimburse to Bolzano, within two Business Days after demand by Bolzano, the Participant's Portion of any Advance of Protective Disbursements by Bolzano and all costs and expenses incurred by Bolzano after the date hereof in connection with the Note and the Note Documentation, together with interest on such amount at the rate then payable under the Note (except as expressly set out in this section 4.3). Notwithstanding the foregoing, a Participant shall not be required to pay interest to Bolzano, as set out above, provided the required reimbursement is made within the five Business Days period, in accordance with the terms of this section 4.3.

5. PAYMENTS

- 5.1 **Prior to Acceleration.** Except as otherwise provided in this Agreement, including without limitation section 2.2, all monies received by Bolzano on account of the Note prior to demand and acceleration of the Note, shall be received by Bolzano for its benefit and as agent for the Participant, and Bolzano shall, within five Business Days following the receipt of such monies, unless restricted from so doing by any court order, law or regulation, or unless Bolzano's solicitors have advised Bolzano that it may be or become legally obligated to pay such monies to any Person, government or governmental agency or authority, and except as otherwise provided in this Agreement, remit such monies as follows:
 - (a) upon receipt of any payment of Protective Disbursements and any other costs and expenses, on a *pro rata* basis, to Bolzano on account of any Protective Disbursements and any other costs and expenses incurred by Bolzano and interest thereon for which the Borrower is obligated to reimburse Bolzano (to the extent not previously reimbursed by the Borrower or the Participant) and to the Participant for any Protective Disbursements and such reimbursable costs and expenses which the Participant has paid or for which the Participant has reimbursed Bolzano (to the extent not previously reimbursed by the Borrower);
 - (b) upon receipt of any payment of interest, such amount shall be paid to Bolzano and the Participant *pro rata*, in accordance with the Participant's Interest Portion and Bolzano's Interest Portion at such time; and

- (c) upon receipt of any payment of principal, such amount shall be paid to Bolzano and the Participant *pro rata*, in accordance with Bolzano's Principal Portion and the Participant's Principal Portion, at such time.

Any unallocated payments received prior to demand and acceleration shall be applied first in accordance with (a) above, second in accordance with (b) above and the balance in accordance with (c) above.

5.2 **Subsequent to Acceleration.** Except as otherwise provided in this Agreement, including without limitation section 2.2, all monies received by Bolzano on account of the Note after demand and acceleration of the Note, or from the enforcement of the GSA or other Note Documentation, shall (unless otherwise expressly set out herein) be received by Bolzano for its benefit and as agent for the Participant, and Bolzano shall, within five Business Days following the receipt of such monies, unless restricted from so doing by any court order, law or regulation, or unless Bolzano's solicitors have advised Bolzano that it may be or become legally obligated to pay such monies to any Person, government or governmental agency or authority, and except as otherwise provided in this Agreement, remit such monies as follows:

- (a) first, on a *pro rata* basis, to Bolzano on account of any Protective Disbursements and any other costs and expenses incurred by Bolzano and interest thereon for which the Borrower is obligated to reimburse Bolzano (to the extent not previously reimbursed by the Participant) and to the Participant for any Protective Disbursements and such costs and expenses, which the Participant has paid or for which the Participant has reimbursed Bolzano (to the extent not previously reimbursed by the Borrower);
- (b) secondly, on a *pro rata* basis, to Bolzano in accordance with Bolzano's Interest Portion and to the Participant in accordance with such Participant's Interest Portion;
- (c) thirdly, the balance, on a *pro rata* basis, to Bolzano in accordance with Bolzano's Principal Portion and to the Participant in accordance with the Participant's Principal Portion.

5.3 **Repayments.** In the event that Bolzano makes any payment to the Participant:

- (a) in excess of the Participant's entitlement hereunder;
- (b) prior to receiving monies from the Borrower, and the expected payment is not received by Bolzano; or
- (c) and if for any reason, Bolzano is required to return such payment to the Borrower or any other Person, government or governmental agency or authority,

then, and in each such case, the Participant shall forthwith within five Business Days, on being so notified by Bolzano, reimburse Bolzano for the amount so paid to the Participant, together with interest on such amount at the rate then payable under the Note (except as expressly set out in this section 5.3). Notwithstanding the foregoing, a Participant shall not be required to pay interest to Bolzano, as set out above, provided the required reimbursement is made within the five Business Days period, in accordance with the terms of this section 5.3.

5.4 **Net Payment.** Bolzano shall be entitled to deduct from any monies payable to the Participant hereunder, any monies due to Bolzano from the Participant hereunder. Bolzano shall provide concurrent notice of any such deduction to the Participant when Bolzano makes such a deduction.

6. ADMINISTRATION

6.1 **General.** Bolzano shall:

- (a) at all times, comply with the terms and conditions of this Agreement and carry out its obligations and responsibilities hereunder;
- (b) use reasonable efforts to collect promptly all sums due and payable by the Borrower pursuant to the Note Documentation;
- (c) hold the interest of the Participant in any payments received on the Note in trust for the Participant in accordance with this Agreement and make distributions as required pursuant to Article 5;
- (d) keep proper records with respect to the Note, including records of the amounts contributed by Bolzano and the Participant, the amounts owing by the Borrower, the amounts paid by the Borrower and the amounts paid by Bolzano to the Participant;
- (e) give a Participant an annual statement for the preceding calendar year, within 10 Business Days of the written request by the Participant, such request not to be made more than once per calendar year, showing all receipts and disbursements in respect of the Note;
- (f) cooperate with Skidmore in respect of settlement of loss under insurance policies in the event of damage to or destruction of the Collateral and deal with any proceeds of insurance as required under the Note Documentation;
- (g) settle with the Borrower, and any expropriating authority, the amount and disposition of any compensation payable in connection with any expropriation of all or any part of the Collateral;
- (h) have the full and exclusive right to deal directly with the Borrower (subject to any rights of Skidmore to deal directly with the Borrower) in the administration, enforcement, collection and enforcement and realization of the Note and the Note Documentation and take any Realization Proceedings and other action and make any decisions in connection therewith without prior notice to the Participant;
- (i) be entitled to use its unfettered discretion (subject to any rights of Skidmore) with respect to exercising, or refraining from exercising, any rights or taking any action under the Note Documentation, entering into any amendment of, or waiving compliance with the terms of the Note Documentation,
- (j) give prompt notice to the Participant of any default under any Note Documentation of which Bolzano has actual notice.

6.2 **Access to Note Documentation, etc.** Bolzano will permit the Participant, on five Business Days' notice, to inspect electronic copies of the Note Documentation and Bolzano's records which are relevant to the Note, provided that unless Bolzano consents otherwise:

- (a) such inspections may not be done more frequently than twice in a calendar year unless a Borrower Default shall have occurred and be continuing; and
- (b) such inspections shall be conducted at and under the supervision of Bolzano's employees or professional advisors, which supervision shall be as deemed necessary by Bolzano.

Bolzano agrees to permit the Participant, at its expense, to make copies of any Note Documentation (such copying to be done by or arranged by Bolzano).

- 6.3 **Enforcement.** Subject to the Intercreditor Agreement and any rights of Skidmore, Bolzano shall have unfettered discretion to administer the Note and the Note Documentation, to accelerate and demand payment under the Note and to enforce and realize on the Note Documentation, all without notice to or the consent of the Participant.
- 6.4 **Appointment.** The Participant hereby designates Bolzano as its agent with respect to all matters and acts required in connection with and in accordance with this Agreement, the Note and Note Documentation.
- 6.5 **No Duties Other Than as Stated.** Bolzano shall have no duty or responsibility to the Participant in connection with this Agreement, the Note, the Obligors, the Note Documentation, or otherwise, except as expressly stated herein.

7. RESTRICTIONS ON BOLZANO'S OBLIGATIONS AND LIABILITY

- 7.1 **General.** Unless otherwise expressly provided in this Agreement, neither Bolzano nor any of its directors, officers, employees or agents shall be responsible for or liable to the Participant for:
 - (a) any failure of the UrtheCast Group to observe and perform any of its obligations under the Note Documentation;
 - (b) any action taken or omitted by Bolzano in good faith in connection with this Agreement or the Note Documentation; nor
 - (c) the consequences of Bolzano relying on any communication or document believed by Bolzano to be genuine and correct or relying on the advice of any professional advisors in connection with the Note or the Note Documentation or any document delivered in connection therewith.
- 7.2 **No Recourse.** The Participant acknowledges that its purchase of its interest in the Note is strictly without recourse to Bolzano, except as provided herein. Bolzano shall have no responsibility to the Participant except to remit collections on the Note to the Participant in accordance with this Agreement and to otherwise perform its obligations under this Agreement.
- 7.3 **No Reliance, etc.** The Participant acknowledges:
 - (a) except as specifically provided in this Agreement, Bolzano is under no obligation to provide the Participant with any information or advice or to make any investigation or appraisal with respect to the Borrower, the Note or the Note Documentation; and
 - (b) Bolzano has not made and does not make any representation or warranty regarding the financial condition of the Borrower or the UrtheCast Group or the execution, validity, enforceability or effectiveness of the Note Documentation or any document made in connection therewith, and shall have no responsibility in this regard.

8. INDEPENDENT TRANSACTIONS.

- 8.1 **Independent Bolzano Transactions.** Bolzano shall have no obligation to advise the Participant of any other business opportunities with the UrtheCast Group which are independent of the Note and may enter into such other independent business or credit arrangements with the UrtheCast Group as Bolzano in its sole discretion deems appropriate (each, an "**Independent Bolzano**

Transaction"). For greater certainty, the Participant acknowledges that it shall have no interest in any property or assets taken or secured as collateral for any such Independent Note, or any proceeds thereof. To the extent that any payments are made by the UrtheCast Group to Bolzano or any other monies are otherwise received by Bolzano on account of any Independent Bolzano Transaction, Bolzano shall be entitled to apply any and all such payments against the obligations owing by the UrtheCast Group in respect of any such Independent Bolzano Transaction and the Participant shall have no right or claim to any of such payments or monies paid to or otherwise received by Bolzano.

- 8.2 **Independent Participant Transactions.** The Participant shall have no obligation to advise Bolzano of any other business or credit opportunities with the UrtheCast Group which are independent of the Note and may enter into such other independent business or credit arrangements with the UrtheCast Group as the Participant in its sole discretion deems appropriate provided that any such transaction shall be less favourable to the Borrower or the UrtheCast Group than would be obtainable in an arm's length transaction and that any other indebtedness of the UrtheCast Group to the Participant shall be unsecured (each, an "**Independent Participant Transaction**"). For greater certainty, Bolzano acknowledges that it shall have no interest in any property or assets taken or secured as collateral for any such Independent Participant Transaction, or any proceeds thereof. To the extent that any payments are made by the UrtheCast Group to the Participant or any other monies are otherwise received by the Participant on account of such Independent Participant Transaction, the Participant shall be entitled to apply any and all such payments against the obligations owing by the UrtheCast Group in respect of any such Independent Participant Transaction and Bolzano shall have no right or claim to any of such payments or monies paid to or otherwise received by the Participant.

9. TERMINATION

- 9.1 **Termination Generally.** This Agreement shall terminate if for any reason the Participant ceases to have any interest in the Note, or if the Note (including all interest and costs in respect thereof) shall be repaid in full and Bolzano shall have no further obligation or right to extend any credit to the Borrower under the Note Documentation.
- 9.2 **Continuation of Liabilities.** Notwithstanding any provision hereof, the obligations and liabilities of the parties hereunder arising prior to a termination shall survive such termination.

10. GUARANTEE

- 10.1 **Guarantee.** The Directors and Executives hereby guarantee the indebtedness, liabilities and obligations of the Participant under this Agreement, provided that the liability of the Directors and Executives under this guarantee shall be several and limited to the following amounts:

<u>Name</u>	<u>Amount</u>
Mark J. Piegza	\$37,500.00
William (Mac) Evans	\$28,260.00
James Topham	\$150,000.00
John (Jack) Shannon	\$6,250.00
Donald Osborne	\$28,260.00
Sai Chu	\$437,500.00

together in each case with interest at the rate then payable under the Note from the date of demand by Bolzano on such Director and Executive until actual payment is received by Bolzano.

- 10.2 The Directors and Executives shall remain liable to Bolzano under section 10.1 in all events and circumstances and notwithstanding any dealings whatsoever between Bolzano and the Participant or the UrtheCast Group, any act or omission of Bolzano, any carelessness or neglect by Bolzano, any failure by Bolzano to take up, perfect or maintain any security, any loss or destruction of any security, any lack of validity or enforceability of any security or any other act, omission or circumstance which would or might release, in whole or in part, the Directors and Executives from their obligations under this section 10.1, all of which Bolzano may do without notice to or the consent of the Directors and Executives. Bolzano shall not be obliged to proceed against the Participant or the UrtheCast Group or to enforce or exhaust any remedy or security before proceeding to enforce the obligations of the Directors and Executives under section 10.1.

11. MISCELLANEOUS

- 11.1 **Records of Bolzano.** The records of Bolzano as to the outstanding amounts under the Note, the making of any Advances under the Note, the payment of any monies payable under the Note or any obligation related thereto being in default, or of any notice or demand for payment having been made shall be *prima facie* evidence of such fact, absent manifest error.
- 11.2 **Payments and Time.**
- (a) All payments to be made by a party hereto to another party hereto shall be made in same day immediately available funds.
 - (b) Any payment to be made hereunder by a party hereto to another party hereto made on a day that is not a Business Day, shall be credited as of the next Business Day.
 - (c) Whenever any payment under this Agreement falls due on a day which is not a Business Day, the due date shall be postponed to the next succeeding Business Day.
- 11.3 **No Set-Off.** Unless otherwise expressly provided in this Agreement, the obligation of either party to make any payments hereunder shall be absolute and unconditional and shall be made without any deduction, set-off, counterclaim or any other deduction whatsoever.
- 11.4 **Assignment and Charging.** No right or entitlement of the Participant under this Agreement or any interest therein nor the interest of the Participant in the Note or the Note Documentation, nor any portion thereof, may be sold, transferred, assigned or otherwise disposed of to any third party (collectively, the "**Assignee**") without the prior written consent of Bolzano. No sale, transfer, assignment or other disposition by the Participant of the whole or any portion of its interest in this Agreement or in the Note will be valid or binding on Bolzano unless the Assignee has executed a copy of this Agreement or otherwise agreed in writing to be bound by this Agreement as a Participant. If Bolzano assigns or transfers the whole of its interest in the Note and the Note Documentation and the assignee or transferee agrees in writing with the Participant to assume the obligations and liabilities of Bolzano under this Agreement, then Bolzano shall automatically (and without further act) be released from its obligations and liabilities under this Agreement.
- 11.5 **No Partnership, etc.** Nothing contained in this Agreement shall create or imply the existence of a partnership between Bolzano and the Participant, nor shall it confer on the Participant any rights other than those expressly set out herein.
- 11.6 **No Constructive Notice.** The doctrine of constructive notice shall not apply to any party in connection with any of its obligations or duties under this Agreement or any document or instrument delivered pursuant to or in connection with this Agreement.

- 11.7 **Waivers, Amendments, etc.** No failure or delay on the part of a party in exercising any power or right hereunder shall operate as a waiver thereof. No amendment, modification or waiver of any condition of this Agreement or consent to any departure by a party therefrom shall in any event be effective unless the same shall be in writing and signed by the parties.
- 11.8 **Further Assurances.** Each of the parties will do, execute and deliver, or cause to be done, executed and delivered, all such further acts, documents and things as any Lender may reasonably require for the purpose of giving effect to this Agreement.
- 11.9 **Indemnity.** To the extent that Bolzano is not reimbursed by the Borrower, the Participant will reimburse Bolzano, on demand, in proportion to its Participation Portion, for and against any and all liabilities which may be imposed on, incurred by, or asserted against Bolzano, in any way relating to or arising out of this Agreement, the Note or the Note Documentation or any action taken or omitted by Bolzano under this Agreement or any of the Note Documentation, and will pay interest thereon at the rate then payable under the Note from the date that reimbursement of such liabilities is demanded by Bolzano to and including the date of payment to Bolzano. Provided, however, that the Participant will not be liable to Bolzano for any portion of such liabilities imposed on, incurred by, or asserted against Bolzano which result from the gross negligence or wilful misconduct of Bolzano. In the event that the Participant reimburses Bolzano for and against any liabilities and Bolzano subsequently obtains reimbursement (by actual payment of money) of such liabilities, whether by way of damages, counterclaim, right of contribution or indemnity or otherwise, Bolzano will, after deduction by Bolzano of all costs, expenses and disbursements incurred by Bolzano with respect to such reimbursement, promptly pay to the Participant its *pro rata* share (calculated on the basis of the actual amounts paid by the Participant to Bolzano pursuant to the foregoing provisions of this section in respect of such liabilities) of any such amount recovered by Bolzano in respect of such liabilities. The obligations of the parties under this section will survive the termination of the Note Documentation and this Agreement and the repayment of the Note.
- 11.10 **Costs and Expenses.** Unless otherwise agreed to in writing or set out herein, each party shall pay all of its own costs and expenses in respect of this Agreement.
- 11.11 **Non-Merger.** The taking of judgment on any covenant contained herein shall not operate so as to create any merger or discharge of any indebtedness or liability of a party to the other party hereunder, or of any assignment, transfer, guarantee, lien, contract, promissory note or bill of exchange held by a party from the other party or any other Person.
- 11.12 **Notices.** Any notice, direction, request or other communication required or permitted to be given under this Agreement shall be made in writing. Except as specified by applicable law, any communication shall be addressed as follows and effective when received if during business hours or on the next Business Day if received outside of business hours.

If to Bolzano:

Bolzano Investments Limited
Queen Victoria House, 41-43 Victoria Street
Douglas, Isle of Man IM1 2LF

Attention: Mr. Anthony Peter Arzt
E-Facsimile: +44(0)1624 673990

If to the Participant:

1194249 B.C. Ltd.
Suite 2600, 1066 West Hastings Street
Vancouver, BC V6E 3X1

Attention: Mr. Sai Chu
Email: schu@urthecast.com

If to the Directors and Executives, to the addresses set forth next to their names on the signature pages of this Agreement.

Any party may give written notice of a change of address in the same manner, in which event any remittance or notice shall thereafter be made or given to it as above provided at such changed address.

11.13 **Time of Essence.** Time shall be of the essence for this Agreement.

11.14 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede any prior writings or oral agreements with respect to the subject matter hereof.

11.15 **Disclosure.** Except as may be required by applicable legal requirements or proceedings, or upon request of any governmental authority having jurisdiction over the parties, the parties will not, without the express prior written consent of the other, disclose any term of any of the Note Documentation or this Agreement or any credit information received under this Agreement to any third party (save and except that disclosure may be made to an affiliate of such party or any other Person which is bound by a duty of confidentiality to the disclosing party).

11.16 **Independent Legal Advice.** Each of the Directors and Executives hereby declares that he has had the opportunity to seek independent legal advice with respect to this Agreement and that he fully understand the terms contained herein. Each of the Directors and Executives acknowledges that Bennett Jones LLP has acted as legal counsel to the Borrower and McMillan LLP has acted as legal counsel to Bolzano prior to negotiation of this Agreement, as well as with respect to this Agreement.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the day and year first above written.

BOLZANO INVESTMENTS LIMITED

Per: A. Agt
 Name: ANTHONY ARZT
 Title: DIRECTOR

Per: _____
 Name: _____
 Title: _____
 I/We have authority to bind the corporation

1194249 B.C. LTD.

Per: _____
 Name: Sai Chu
 Title: Director
 I/We have authority to bind the corporation

Address for Notice:

 MARK J. PIEGZA

 WILLIAM (MAC) EVANS

 JAMES TOPHAM

 JOHN (JACK) SHANNON

 DONALD OSBORNE

 SAI CHU

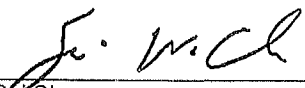
IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the day and year first above written.

BOLZANO INVESTMENTS LIMITED

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____
 I/We have authority to bind the corporation

1194249 B.C. LTD.

Per:  _____
 Name: Sai Chu
 Title: Director

I/We have authority to bind the corporation

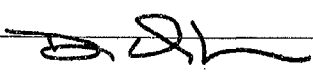
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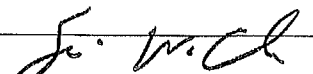
 MARK J. PIEGZA

 WILLIAM (MAC) EVANS

 JAMES TOPHAM

 JOHN (JACK) SHANNON

 _____
 DONALD OSBORNE

 _____
 SAI CHU

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the day and year first above written.

BOLZANO INVESTMENTS LIMITED

Per: _____
Name: _____
Title: _____

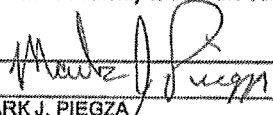
Per: _____
Name: _____
Title: _____
I/We have authority to bind the corporation

1194249 B.C. LTD.

Per: _____
Name: Sai Chu
Title: Director

I/We have authority to bind the corporation

Address for Notice:



MARK J. PIEGZA

WILLIAM (MAC) EVANS

JAMES TOPHAM

JOHN (JACK) SHANNON

DONALD OSBORNE

SAI CHU

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the day and year first above written.

BOLZANO INVESTMENTS LIMITED

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____
 I/We have authority to bind the corporation

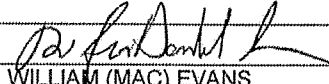
1194249 B.C. LTD.

Per: _____
 Name: Sai Chu
 Title: Director

I/We have authority to bind the corporation

Address for Notice:

 MARK J. PIEGZA


 WILLIAM (MAC) EVANS

 JAMES TOPHAM

 JOHN (JACK) SHANNON

 DONALD OSBORNE

 SAI CHU

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the day and year first above written.

BOLZANO INVESTMENTS LIMITED

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____
 I/We have authority to bind the corporation

1194249 B.C. LTD.

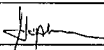
Per: _____
 Name: Sai Chu
 Title: Director

I/We have authority to bind the corporation

Address for Notice:

 MARK J. PIEGZA

 WILLIAM (MAC) EVANS


 JAMES TOPHAM

 JOHN (JACK) SHANNON

 DONALD OSBORNE

 SAI CHU

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the day and year first above written.

BOLZANO INVESTMENTS LIMITED

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____
 I/We have authority to bind the corporation

1194249 B.C. LTD.

Per: _____
 Name: Sai Chu
 Title: Director
 I/We have authority to bind the corporation

Address for Notice:

 MARK J. PIEGZA

 WILLIAM (MAC) EVANS

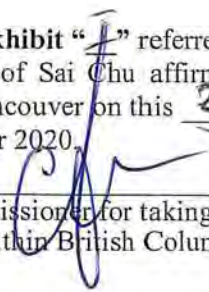
 JAMES TOPHAM


 JOHN (JACK) SHANNON

 DONALD OSBORNE

 SAI CHU

This is **Exhibit “#”** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.


A Commissioner for taking Affidavits
within British Columbia

Execution Copy

SECOND AMENDED AND RESTATED SECURED TERM NOTE

1. PAYMENT

1185781 B.C. LTD. (the “**Borrower**”), hereby acknowledges its borrowing of the Principal Amount (as defined below) from Bolzano Investments Limited (“**Bolzano**”), a company formed under the laws of the Isle of Man, and hereby promises to pay to Bolzano or any successor or permitted assign (each, a “**Holder**”) the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, and all other monies which may from time to time be owing hereunder or pursuant hereto on or before the Maturity Date.

Interest shall accrue daily on (a) the Principal Amount at a rate of fourteen percent (14%) per annum from January 14, 2019 to June 26, 2019 and seventeen percent (17%) per annum thereafter; and (b) the Extension Fee at a rate of seventeen percent (17%) per annum commencing as of the date hereof, in each case calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in US Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rates shall be increased by two percent (2%) per annum if an Event of Default hereunder has occurred and is continuing (the “**Default Rate Interest**”).

The Borrower hereby unconditionally, absolutely and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule “A”** to this Note (the “**Grid**”), the dates and amounts of all advances, and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be *prima facie* evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

“**Applicable Law**” means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

“**Asset Sale Repayment**” has the meaning given to that term in Section 8 hereof.

“**Assets**” has the meaning given to that term in Section 8 hereof.

“**Bolzano Applicable Percentage**” means, at any time, the percentage that (a) the sum of the Principal Amount hereunder, plus all accrued and unpaid interest thereon, plus all other obligations, debt and liability of the Borrower to Bolzano or any other Holder hereunder (collectively, the “**Bolzano Indebtedness**”), represents as a proportion of (b) the sum of (i) the Bolzano Indebtedness, plus (ii) the principal amount outstanding that is owed by the Borrower under the Refresh Note, plus (iii) all accrued and unpaid interest thereon, plus (iv) all other obligations, debt and liability of the Borrower under the

Refresh Note at such time. For greater certainty, the sum of the Bolzano Applicable Percentage and the Refresh Applicable Percentage shall total one hundred percent (100%).

“Business Day” means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

“Change of Control” means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, one hundred percent (100%) of the Equity Interests then outstanding of the Borrower.

“Collateral” has the meaning given thereto in the GSA.

“Debt” means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above,

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business, (ii) prepaid or deferred revenue, (iii) deferred income taxes, (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

“Equity Interests” means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person’s equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

“Excluded Taxes” means (a) all taxes on, based on, measured by or with respect to the Holder’s net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction, (b) taxes imposed on or with respect to a Holder that does not deal at arm’s length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment

(other than where the non-arm's length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA) and (c) taxes imposed on or with respect to a Holder that is a "specified non-resident shareholder" of the Borrower, or is a Person not dealing at arm's length with a "specified shareholder" of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a "specified non-resident shareholder", or is a Person not dealing at arm's length with a "specified shareholder" as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

"Existing Note" means the amended and restated promissory note dated June 26, 2019 made by the Borrower in favour of Bolzano, as initial holder thereunder.

"Extension Fee" means an amount equal to US \$100,000 payable by the Borrower to Bolzano in consideration for Bolzano agreeing to amend and restate the Existing Note to, among other things, extend the Maturity Date to the date set forth in such definition herein.

"GAAP" means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

"Geosys Acquisition" means the direct and indirect purchase by the Borrower of all of the issued and outstanding interests in the capital of certain Geosys entities, including Geosys Holdings ULC and Geosys-Intl, Inc., pursuant to that certain Purchase and Sale Agreement, made effective on November 6, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower (as amended by that certain Amending Agreement to Purchase Agreement, made effective on December 10, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower).

"Governmental Authority" means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

"GSA" means that certain general security agreement, dated as of January 14, 2019, from the Borrower to Bolzano and 1112099 B.C. Ltd. (as ultimately assigned by 1112099 B.C. Ltd. to Refresh), each as secured parties thereunder.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower, (b) the ability of the Borrower to comply with this Note or the GSA, (c) the validity or enforceability of this Note or the GSA or (d) the value of the Collateral (including the value of any Equity Interests).

"Maturity Date" means April 14, 2020.

"Net Proceeds of Financing" means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

"Permitted Liens" means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;
- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (d) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (e) any Lien in favour of the Holder; and
- (f) any Lien consented to in writing by the Holder.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and **"person"** has the same meaning.

"Post-Closing Reorganization" means the amalgamation of the Borrower and Geosys Holdings ULC in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the *Income Tax Act* (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder.

"Principal Amount" means, at any time, the aggregate unpaid principal amount advanced under this Note and outstanding at such time.

"Refresh" means Refresh Financial Inc.

"Refresh Applicable Percentage" has the meaning given to it in the Refresh Note.

"Refresh Note" means the second amended and restated secured term note dated as of the date hereof and issued by the Borrower, as borrower thereunder, in favour of Refresh.

"UrtheCast" means UrtheCast Corp.

"US Dollars", "US \$" and \$ each mean the lawful currency of the United States of America.

3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower's obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made at the offices of the Holder at its address set out in Section 24 hereof or at such other place as the Holder may from time to time in writing direct, in US Dollars, and shall be applied, subject to the terms of any inter-lender agreement between Bolzano and 1112099 B.C. Ltd. (as ultimately assigned by 1112099 B.C. Ltd. to Refresh), (a) first to amounts other than principal and interest owing under this Note or the GSA, including the Extension Fee, then (b) in satisfaction of accrued and unpaid interest (including Default Rate Interest, if any, and all accrued and unpaid interest payable on the Extension Fee) and (c) the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty, provided that the Borrower concurrently prepays such amounts outstanding under the Refresh Note *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Refresh Applicable Percentage.

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

If on any date the Borrower shall receive Net Proceeds of Financing, then one hundred percent (100%) of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts then outstanding hereunder and under the Refresh Note *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Refresh Applicable Percentage.

5.2 Sale of Assets

Upon the sale of any Assets, the Borrower shall prepay the amounts outstanding under this Note and under the Refresh Note in the manner more particularly set out in Section 8 hereof.

6. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Holder as follows:

- (a) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (b) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (c) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.
- (d) The execution of and performance under this Note will not violate: (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower, (iii) the Borrower's notice of articles or articles, or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (e) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (f) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no approval by a Governmental Authority is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA.
- (g) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (i) the Borrower or its businesses or properties or (ii) this Note or the GSA, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (h) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any taxes of any material amount.
- (i) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

7. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (a) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, on the dates and in the manner and currency specified herein.
- (b) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (c) The Borrower shall use the proceeds from the borrowing hereunder to (i) finance a portion of the purchase price for the Geosys Acquisition and (ii) for general corporate purposes.
- (d) The Borrower shall maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.
- (e) The Borrower shall comply with Applicable Law in all material respects.
- (f) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (g) The Borrower shall not create, incur or assume any Debt other than Debt secured by Permitted Liens in existence on the date hereof unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (h) The Borrower shall not at any time during the term of this Note (i) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral, (ii) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets or (iii) permit any new Liens to be placed on such Collateral or income-producing assets, except for Permitted Liens.
- (i) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Post-Closing Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Post-Closing Reorganization).
- (j) The Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.
- (k) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business, and other than, for certainty, in connection with the Post-Closing Reorganization.

- (l) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (m) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

8. URTHECAST COVENANTS

UrtheCast hereby covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder, it shall:

- (a) provide to the Holder evidence satisfactory to the Holder that it has used commercially reasonable efforts to sell, on or before December 31, 2019, any assets of UrtheCast Imaging S.L.U. and/or its subsidiaries as determined in the reasonable opinion of UrtheCast (collectively, the “Assets”); and
- (b) on or before December 31, 2019, cause the obligations under this Note to have been repaid to the Holder (the “**Asset Sale Repayment**”) in an amount equal to the Bolzano Applicable Percentage of the net cash proceeds of any such sale of Assets remaining after repayment of any debt owing to any existing secured lender, in an amount not to exceed the aggregate of the principal amount of €15,500,000 (Euros), any interest thereon (including any capitalized interest), fees, costs and expenses and any other amounts due and owing in connection with such loan and related loan documents, and including any fees, costs and expenses incurred in connection with the sale of the Assets, and secured by a Lien on such Assets, which Asset Sale Repayment shall be made by the purchaser of such Assets directly to Bolzano and Refresh *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Refresh Applicable Percentage pursuant to a direction from the seller of such Assets.

9. CRIMINAL RATE OF INTEREST

In no event shall the aggregate “interest” (as defined in Section 347 (the “**Criminal Code Section**”) of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such “interest” is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such “interest” shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

10. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the “deemed interest period”) is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment.

11. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new note which shall carry the same rights carried by this Note, stating that such note is issued in replacement of this Note, making reference to the original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

12. PAYMENTS CLEAR OF TAXES

- (a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.
- (b) If the Borrower shall be required by Applicable Law to deduct or withhold any taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

13. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an “**Event of Default**”):

- (a) the Borrower fails to make payment when due of the Principal Amount or the Extension Fee, or, in each case, any accrued and unpaid interest thereon;
- (b) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made

at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;

- (c) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within thirty (30) days after the Holder gives written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 7(h) hereof);
- (d) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (e) the Borrower defaults in the performance of or compliance with any term of the Refresh Note or the performance of or compliance with any term of any evidence of any other indebtedness relating to an amount in excess of US \$250,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists (which default or condition has not been cured or waived prior to any action being taken hereunder with respect to such default), and as a consequence of such default or condition such indebtedness has become due and payable before its stated maturity or before its regularly scheduled date of payment;
- (f) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of US \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (g) the Borrower shall (i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (v) take any corporate action authorizing, or in furtherance of, any of the foregoing;
- (h) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or

conveys any of such subsidiary's material income-producing assets to a third party without consent from the Holder; or

- (i) a Change of Control has occurred.

14. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (a) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, and all other amounts owing hereunder and under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.
- (b) The Holder may, in addition to all of its rights and remedies hereunder, under the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (c) Any sum received by the Holder and Refresh at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Refresh Applicable Percentage, and each such application is to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category, in each case in accordance with the terms of any inter-lender agreement: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder, including the Extension Fee, and under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any, and all accrued and unpaid interest payable on the Extension Fee) and other amounts due hereunder other than with respect to the Principal Amount; (iii) third, to amounts due hereunder with respect to the Principal Amount; and (iv) fourth, any excess shall be paid to the Borrower.

15. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 13 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

16. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

17. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

18. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

19. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

20. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

21. FEES, EXPENSES AND INDEMNITY

- (a) The Borrower acknowledges and agrees that the Extension Fee is deemed to be fully earned on the date of execution of this Note.
- (b) Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (a) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto), or (b) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

22. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

23. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

24. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section referred to as a “**Notice**”) shall be made in writing and except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

(a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC
V6C 0C3
Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

(b) to the Holder, at:

Bolzano Investments Limited
Queen Victoria House, 41-43 Victoria Street
Douglas, Isle of Man, IM1 2LF

Attention: Mr. Anthony Peter Arzt
Fax: 44 (0) 1624 673990
Email: TonyArzt@bridgewaters.co.im

Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section.

25. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the “**Original Currency**”) into another currency (the “**Second Currency**”), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the amount of the Original

Currency able to be so purchased is less than the amount originally due in the Original Currency, the Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

26. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

27. EFFECT OF AMENDMENT AND RESTATEMENT

The parties hereto acknowledge and agree that this Note amends, restates and replaces in its entirety the Existing Note and that all amounts outstanding under the Existing Note that remain outstanding upon the effective date of this Note shall constitute amounts outstanding hereunder governed by the terms hereof and shall continue to be secured by the GSA. The Existing Note has been amended, restated and replaced by this Note solely for the purpose of reflecting amendments to the Existing Note which the parties have agreed upon. Also, for greater certainty, all references to this Note contained in the GSA or any other security delivered to the Holder prior to the effectiveness of this Note shall be references to this Note without further amendment to the GSA or such other security.

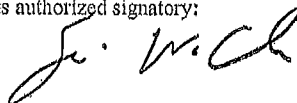
[signature page follows]

IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED effective the 15th day of January, 2020.

1185781 B.C. LTD.

by its authorized signatory:

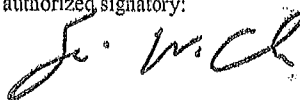


Name: **Sai W. Chu**
Title: **Chief Financial Officer**

AGREED TO by UrtheCast on the 15th day of January, 2020, solely in connection with its obligations under Section 8 hereof.

URTHECAST CORP.

by its authorized signatory:



Name: **Sai W. Chu**
Title: **Chief Financial Officer**

AGREED TO AND ACCEPTED by the Holder on the 15th day of January, 2020.

**BOLZANO INVESTMENTS
LIMITED**

by its authorized signatory:



Name: **ANTHONY ARZET**
Title: **DIRECTOR**

Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
January 14, 2019	US \$2,577,319.59		US \$2,577,319.59	Sai Chu	<i>SC</i>
January 30, 2019	US \$3,852,896.41		US \$6,430,216.00	Sai Chu	<i>SC</i>

SECOND AMENDED AND RESTATED SECURED TERM NOTE

1. PAYMENT

1185781 B.C. LTD. (the "**Borrower**") hereby acknowledges its borrowing of the Principal Amount (as defined below) from Refresh Capital Corp. ("**Refresh**"), a corporation formed under the laws of Alberta, and hereby promises to pay to Refresh or any successor or permitted assign (each, a "**Holder**"), the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, and all other monies which may from time to time be owing hereunder or pursuant hereto on or before the Maturity Date.

Interest shall accrue daily on (a) the Principal Amount at a rate of fourteen percent (14%) per annum from January 14, 2019 to June 26, 2019 and seventeen percent (17%) per annum thereafter; and (b) the Extension Fee at a rate of seventeen percent (17%) per annum commencing as of the date hereof, in each case calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in US Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rates shall be increased by two percent (2%) per annum if an Event of Default hereunder has occurred and is continuing (the "**Default Rate Interest**").

The Borrower hereby unconditionally, absolutely, and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule "A"** to this Note (the "**Grid**"), the dates and amounts of all advances and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be *prima facie* evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

"**Applicable Law**" means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

"**Asset Sale Repayment**" has the meaning given to that term in paragraph 8 hereof.

"**Assets**" has the meaning given that term in paragraph 8 hereof.

"**Bolzano**" means Bolzano Investments Limited.

"**Bolzano Applicable Percentage**" has the meaning given to it in the Bolzano Note.

"**Bolzano Note**" means the second amended and restated secured term note dated as of the date hereof and issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder.

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"Business Day" means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

"Change of Control" means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, one hundred percent (100%) of the Equity Interests then outstanding of the Borrower.

"Collateral" has the meaning given thereto in the GSA.

"Debt" means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above,

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business, (ii) prepaid or deferred revenue, (iii) deferred income taxes, (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

"Equity Interests" means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

"Excluded Taxes" means (a) all taxes on, based on, measured by or with respect to the Holder's net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction, (b) taxes imposed on or with respect to a Holder that does not deal at arm's length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment (other than where the non-arm's length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA) and (c) taxes imposed on or with respect to a Holder that is a "specified non-resident shareholder"

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of the Borrower, or is a Person not dealing at arm's length with a "specified shareholder" of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a "specified non-resident shareholder", or is a Person not dealing at arm's length with a "specified shareholder" as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

"Existing Note" means the amended and restated promissory note dated June 26, 2019 made by the Borrower in favour of 1112099 B.C. Ltd. (as ultimately assigned by 1112099 B.C. Ltd. to Refresh).

"Extension Fee" means an amount equal to US \$100,000 payable by the Borrower to Refresh in consideration for Refresh agreeing to amend and restate the Existing Note to, among other things, extend the Maturity Date to the date set forth in such definition herein.

"GAAP" means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

"Geosys Acquisition" means the direct and indirect purchase by the Borrower of all of the issued and outstanding interests in the capital of certain Geosys entities, including Geosys Holdings, ULC and Geosys-Intl, Inc., pursuant to that certain Purchase and Sale Agreement, made effective on November 6, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower (as amended by that certain Amending Agreement to Purchase Agreement, made effective on December 10, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower).

"Governmental Authority" means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

"GSA" means that certain general security agreement, dated as of January 14, 2019, from the Borrower to Bolzano and 1112099 B.C. Ltd. (as ultimately assigned by 1112099 B.C. Ltd. to Refresh), each as secured parties thereunder.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower, (b) the ability of the Borrower to comply with this Note or the GSA, (c) the validity or enforceability of this Note or the GSA, or (d) the value of the Collateral (including the value of any Equity Interests).

"Maturity Date" means April 14, 2020.

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"Net Proceeds of Financing" means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

"Permitted Liens" means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;
- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (d) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (e) any Lien in favour of the Holder; and
- (f) any Lien consented to in writing by the Holder.

"Person" means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and **"person"** has the same meaning.

"Post-Closing Reorganization" means the amalgamation of the Borrower and Geosys Holdings ULC, in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the Income Tax Act (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder

"Principal Amount" means, at any time, the aggregate unpaid principal amount advanced under this Note and outstanding at such time.

"Refresh Applicable Percentage" means, at any time, the percentage that (a) the sum of the Principal Amount hereunder, plus all accrued and unpaid interest thereon, plus all other obligations, debt and liability of the Borrower to Refresh or any other Holder hereunder (collectively, the **"Refresh Indebtedness"**) represents as a proportion of (b) the sum of (i) the Refresh Indebtedness, plus (ii) the principal amount outstanding that is owed by the Borrower to Bolzano under the Bolzano Note, plus (iii) all accrued and unpaid interest thereon, plus (iv) all other obligations, debt and liability of the Borrower under the Bolzano Note at such time. For greater certainty, the sum of the Refresh Applicable Percentage and the Bolzano Applicable Percentage shall total one hundred percent (100%).

"US Dollars", **"US\$"** and **\$** each mean the lawful currency of the United States of America.

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"UrtheCast" means UrtheCast Corp.

3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower's obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made at the offices of the Holder at 3200 Telus House, South Tower, 10020-100 Street, Edmonton, AB T5J 0N3 or at such other place as the Holder may from time to time in writing direct, in US Dollars, and shall be applied, subject to the terms of any inter-lender agreement among Bolzano, Refresh, (as successor-in-interest to 1112099 B.C. Ltd. by way of assignment), and others, (a) first to amounts other than principal and interest owing under this Note or the GSA, including the Extension Fee, then (b) in satisfaction of accrued and unpaid interest (including Default Rate Interest), if any, and all accrued and unpaid interest payable on the Extension Fee, and (c) the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty, provided that the Borrower concurrently prepays such amounts outstanding under the Bolzano Note *pro rata* in the same proportion as the Refresh Applicable Percentage and the Bolzano Applicable Percentage.

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

If on any date the Borrower shall receive Net Proceeds of Financing, then one hundred percent (100%) of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts then outstanding hereunder and under the Bolzano Note, *pro rata* in the same proportion as the Refresh Applicable Percentage and the Bolzano Applicable Percentage.

5.2 **Sale of Assets**

Upon the sale of any Assets, the Borrower shall prepay the amounts outstanding under this Note and under the Bolzano Note in the manner more particularly set out in Section 8 hereof.

6. **REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Holder as follows:

- (a) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (b) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (c) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.
- (d) The execution of and performance under this Note will not violate: (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower, (iii) the Borrower's notice of articles or articles, or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (e) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (f) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no approval by a Governmental Authority is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA.
- (g) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (i) the Borrower or its businesses or properties or (ii) this Note or the GSA, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (h) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any taxes of any material amount.

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- (i) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

7. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (a) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, on the dates and in the manner and currency specified herein.
- (b) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (c) The Borrower shall use the proceeds from the borrowing hereunder to (i) finance a portion of the purchase price for the Geosys Acquisition and (ii) for general corporate purposes.
- (d) The Borrower shall maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.
- (e) The Borrower shall comply with Applicable Law in all material respects.
- (f) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (g) The Borrower shall not create, incur or assume any Debt, other than Debt secured by Permitted Liens in existence on the date hereof, unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (h) The Borrower shall not at any time during the term of this Note: (i) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral, (ii) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets, or (iii) permit any new Liens to be placed on such Collateral or income producing assets, except for Permitted Liens.
- (i) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Post-Closing Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Post-Closing Reorganization).
- (j) The Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.

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- (k) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business, and other than, for certainty, in connection with the Post-Closing Reorganization.
- (l) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (m) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

8. URTHECAST COVENANTS

UrtheCast hereby covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder, it shall:

- (i) provide to the Holder evidence satisfactory to the Holder that it has used commercially reasonable efforts to sell, on or before December 31, 2019, any assets of UrtheCast Imaging S.L.U. and/or its subsidiaries as determined in the reasonable opinion of UrtheCast (collectively, the "**Assets**"); and
- (ii) on or before December 31, 2019, cause the obligations under this Note to have been repaid to the Holder (the "**Asset Sale Repayment**") in an amount equal to the Refresh Applicable Percentage of the net cash proceeds of any such sale of Assets remaining after repayment of any debt owing to any existing secured lender in an amount not to exceed the aggregate of the principal amount of €15,000,000 (Euros), any interest thereon (including any capitalized interest), fees, costs and expenses and any other amounts due and owing in connection with such loan and related loan documents, and including any fees, costs and expenses incurred in connection with the sale of the Assets, and secured by a Lien on such Assets, which Asset Sale Repayment shall be made by the purchaser of such Assets directly to Refresh and Bolzano *pro rata* in the same proportion as the Refresh Applicable Percentage and the Bolzano Applicable Percentage pursuant to a direction from the seller of such Assets.

9. CRIMINAL RATE OF INTEREST

In no event shall the aggregate "interest" (as defined in Section 347 (the "**Criminal Code Section**") of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such "interest" is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such "interest" shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

10. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the "deemed interest period") is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment.

11. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new note which shall carry the same rights carried by this Note, stating that such note is issued in replacement of this Note, making reference to the original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

12. PAYMENTS CLEAR OF TAXES

(a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.

(b) If the Borrower shall be required by Applicable Law to deduct or withhold any taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

13. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an "**Event of Default**");

- (a) the Borrower fails to make payment when due of the Principal Amount or the Extension Fee or, in each case, any accrued and unpaid interest thereon;
- (b) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;
- (c) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within thirty (30) days after the Holder gives written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 7(h) above);
- (d) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (e) the Borrower defaults in the performance of or compliance with any term of the Bolzano Note or the performance of or compliance with any term of any evidence of any other indebtedness relating to an amount in excess of US \$250,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists (which default or condition has not been cured or waived prior to any action being taken hereunder with respect to such default), and as a consequence of such default or condition such indebtedness has become due and payable before its stated maturity or before its regularly scheduled date of payment;
- (f) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of US \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (g) the Borrower shall (i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (iv) permit or suffer to exist the commencement

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of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (v) take any corporate action authorizing, or in furtherance of, any of the foregoing;

- (h) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or conveys any of such subsidiary's material income-producing assets, to a third party without consent from the Holder; or
- (i) a Change of Control has occurred.

14. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (a) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and the Extension Fee, in each case together with all accrued and unpaid interest thereon, and all other amounts owing hereunder and under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.
- (b) The Holder may, in addition to all of its rights and remedies hereunder, under the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (c) Any sum received by the Holder and Bolzano at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied *pro rata* in the same proportion as the Refresh Applicable Percentage and the Bolzano Applicable Percentage, and each such application is to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category, in each case in accordance with the terms of any inter-lender agreement: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder, including the Extension Fee, and under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any, and all accrued and unpaid interest payable on the Extension Fee) and other amounts due hereunder other than with respect to the Principal Amount; (iii) third, to amounts due hereunder with respect to the Principal Amount; and (iv) fourth, any excess shall be paid to the Borrower.

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15. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 13 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

16. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

17. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

18. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

19. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

20. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

21. FEES, EXPENSES, AND INDEMNITY

- (a) The Borrower acknowledges and agrees that the Extension Fee is deemed to be fully earned on the date of execution of this Note.

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- (b) Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (i) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto), or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

22. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

23. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

24. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section referred to as a "Notice") shall be made in writing and, except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

- (a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC
V6C 0C3
Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

- (b) to the Holder, at:

Refresh Capital Corp.
3200 Telus House, South Tower, 10020-100 Street
Edmonton, AB T5J 0N3

Attention: Rick Christiaan
Email: rick.christiaan@skidmoregroup.com

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Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section.

25. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the amount of the Original Currency able to be so purchased is less than the amount originally due in the Original Currency, the Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

26. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

27. EFFECT OF AMENDMENT AND RESTATEMENT

The parties hereto acknowledge and agree that this Note amends, restates and replaces in its entirety the Existing Note and that all amounts outstanding under the Existing Note that remain outstanding upon the effective date of this Note shall constitute amounts outstanding hereunder governed by the terms hereof and shall continue to be secured by the GSA. The Existing Note has been amended, restated and replaced by this Note solely for the purpose of reflecting amendments to the Existing Note which the parties have agreed upon. Also, for greater certainty, all references to this Note contained in the GSA or any other security delivered to the Holder prior to the effectiveness of this Note shall be references to this Note without further amendment to the GSA or such other security.

[signature page follows]

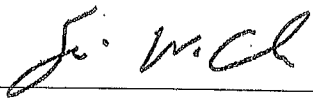
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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED effective the 15th day of January, 2020.

1185781 B.C. LTD.

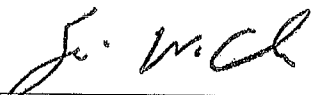
by its authorized signatory:


Name: **Sai W. Chu**
Title: **Chief Financial Officer**

AGREED TO by UrtheCast on the 15th day of January, 2020, solely in connection with its obligations under Section 8 hereof.

URTHECAST CORP.

by its authorized signatory:


Name: **Sai W. Chu**
Title: **Chief Financial Officer**

AGREED TO AND ACCEPTED by the Holder on the ____ day of January, 2020.

REFRESH CAPITAL CORP.

by its authorized signatory:

Name:
Title:

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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED effective the _____ day of January, 2020.

1185781 B.C. LTD.
by its authorized signatory:

Name:
Title:

AGREED TO by UrtheCast on the ____ day of January, 2020, solely in connection with its obligations under Section 8 hereof.

URTHECAST CORP.
by its authorized signatory:

Name:
Title:

AGREED TO AND ACCEPTED by the Holder on the 15th day of January, 2020.

REFRESH CAPITAL CORP.
by its authorized signatory:

per 

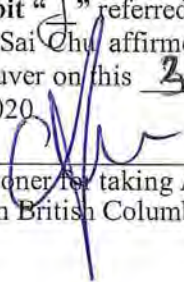
Rachel CHRISTENSEN
Name:
Title: CCO - slide show

Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
January 14, 2019	US\$5,286,369.86	---	US\$5,286,369.86	Sai Chu	SC

This is **Exhibit "J"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 2 day of September 2020.


A Commissioner for taking Affidavits
within British Columbia

AMENDED AND RESTATED SECURED TERM NOTE**1. PAYMENT**

1185781 B.C. LTD. (the “**Borrower**”), a corporation formed under the laws of British Columbia, acknowledges its borrowing of the Principal Amount from Bolzano Investments Limited (“**Bolzano**”), a company incorporated under the laws of the Isle of Man, and hereby promises to pay to Bolzano or any successor or permitted assign (each, a “**Holder**”), the principal sum of \$1,500,000 in lawful money of the United States, or such lesser sum as may be advanced by Bolzano hereunder from time to time (the aggregate principal amount advanced and outstanding under this Note is referred to herein as the “**Principal Amount**”) and all accrued and unpaid interest thereon and all other monies which may from time to time be owing hereunder or pursuant hereto on or before January 15, 2020 (the “**Maturity Date**”).

Interest shall accrue daily on the Principal Amount at a rate of seventeen percent (17%) per annum, calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in U.S. Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rate shall be increased by two percent (2%) per annum if an Event of Default hereunder has occurred and is continuing (the “**Default Rate Interest**”).

The Borrower hereby unconditionally, absolutely and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule “A”** to this Note (the “**Grid**”), the dates and amounts of all advances, and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be prima facie evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

“**Applicable Law**” means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

“**Asset Sale Repayment**” has the meaning given to that term in Section 9 hereof.

“**Assets**” has the meaning given to that term in Section 9 hereof.

“**Bolzano Applicable Percentage**” means, at any time, the percentage that (a) the sum of the Principal Amount hereunder, plus all accrued and unpaid interest thereon, plus all other obligations, debt and liability of the Borrower to Bolzano or any other Holder hereunder (collectively, the “**Indebtedness**”) represents as a proportion of (b) the sum of (i) the Indebtedness, plus, (ii) the principal amount outstanding that is owed by the Borrower under the Lunar Note, plus all accrued and unpaid interest thereon, plus all other obligations, debt and liability of the Borrower under the Lunar Note at such time. For greater certainty, the sum of the Bolzano Applicable Percentage and the Lunar Applicable Percentage shall total one hundred percent (100%).

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“Business Day” means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

“Change of Control” means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, one hundred percent (100%) of the Equity Interests then outstanding of the Borrower.

“Collateral” has the meaning given thereto in the GSA.

“Debt” means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above;

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business; (ii) prepaid or deferred revenue; (iii) deferred income Taxes; (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset; and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

“Equity Interests” means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person’s equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

“Excluded Taxes” means (a) all taxes on, based on, measured by or with respect to the Holder’s net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction; (b) Taxes imposed on or with respect to a Holder that does not deal at arm’s length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment (other than where the non-arm’s length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA); and (c) Taxes imposed on or with respect to a Holder that is a “specified non-resident shareholder”

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of the Borrower, or is a Person not dealing at arm's length with a "specified shareholder" of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a "specified non-resident shareholder", or is a Person not dealing at arm's length with a "specified shareholder" as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

"GAAP" means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

"Geosys Acquisition" means the direct and indirect purchase by the Borrower of all of the issued and outstanding interests in the capital of certain Geosys entities, including Geosys Holdings ULC and Geosys-Intl, Inc., pursuant to that certain Purchase and Sale Agreement, made effective on November 6, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower (as amended by that certain Amending Agreement to Purchase Agreement, made effective on December 10, 2018, among Land O' Lakes, Inc., UrtheCast and the Borrower).

"Governmental Authority" means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

"GSA" means that certain amended and restated general security agreement, dated as of the date hereof, from the Borrower to Bolzano, as collateral agent for and on behalf of itself and Lunar, as secured parties thereunder.

"January Bolzano Note" means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

"Lunar" means Lunar Ventures Inc.

"Lunar Applicable Percentage" has the meaning given to it in the Lunar Note.

"Lunar Note" means that certain secured term note dated as of the date hereof issued by the Borrower, as borrower thereunder, in favour of Lunar, as initial holder thereunder.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower; (b) the ability of the Borrower to comply with this Note or the GSA; (c) the validity or enforceability of this Note or the GSA; or (d) the value of the Collateral (including the value of any Equity Interests).

"Net Proceeds of Financing" means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and

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expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

“Permitted Liens” means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;
- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (d) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (e) Liens securing the January Bolzano Note, subject to the terms of any inter-lender agreement;
- (f) Liens securing the Lunar Note, subject to the terms of any inter-lender agreement;
- (g) Liens securing the guarantee of the Borrower to SMF in respect of the UrtheCast Indebtedness, subject to the terms of any subordination agreement entered by SMF in favour of Bolzano;
- (h) Liens in favour of Bolzano to secure the Indebtedness;
- (i) Liens securing the Skidmore Note, subject to the terms of any inter-lender agreement; and
- (j) any other Lien consented to in writing by Bolzano.

“Person” means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and **“person”** has the same meaning.

“Reorganization” means the amalgamation of the Borrower and Geosys Holdings ULC in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the Income Tax Act (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder

“Skidmore” means 1112099 B.C. Ltd.

“Skidmore Note” means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Skidmore, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019.

“SMF” means SMF Investments Limited.

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“UrtheCast” means UrtheCast Corp.

“UrtheCast Indebtedness” means all indebtedness, liability and obligations of UrtheCast to SMF.

“US Dollars”, **“US \$”** and **\$** each mean the lawful currency of the United States of America.

“Warrant Certificate” means one or more warrant certificate(s) in substantially the form attached hereto as **Schedule “B”** evidencing the issuance of 10,560,000 common share purchase warrants of UrtheCast in favour of Bolzano.

3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower’s obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and interest thereon shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made to the Holder at its address set out in Section 25. hereof or at such other place as the Holder may from time to time in writing direct, in U.S. Dollars, and shall be applied, subject to the terms of any inter-lender agreement between Bolzano and Lunar, first to amounts other than principal and interest owing under this Note, then in satisfaction of accrued and unpaid interest (including Default Rate Interest), and the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty, provided that the Borrower concurrently prepays the amounts outstanding under the Lunar Note *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Lunar Applicable Percentage.

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

If on any date the Borrower shall receive Net Proceeds of Financing, then one hundred percent (100%) of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts

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then outstanding hereunder and under the Lunar Note *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Lunar Applicable Percentage.

5.2 Sale of Assets

Upon the sale of any Assets, the Borrower shall prepay the amounts then outstanding hereunder, under the Lunar Note and under the January Bolzano Note in the manner more particularly set out in Section 9 hereunder.

6. CONDITIONS PRECEDENT

- (a) Conditions Precedent to Effectiveness of this Note. This Note shall become effective upon the date that:
 - (i) the conditions precedent to the advance of the Loan in accordance with Section 6(b) shall have been satisfied; and
 - (ii) Bolzano shall have funded the advance of the Loan in the amount of \$1,500,000.
- (b) Conditions Precedent to Advance of the Loan. The obligation of Bolzano to fund the Loan in the amount of \$1,500,000 is conditional upon satisfaction by the Borrower, or waiver by Bolzano, of the following conditions, such satisfaction or waiver being determined by the Bolzano in its sole and unfettered discretion, acting reasonably:
 - (i) Bolzano shall have received a duly executed copy of this Note, the GSA, the Warrant Certificate and all other agreements, documents and instruments referred to herein;
 - (ii) Bolzano shall have received a certified copy of the Borrower's directors' resolution authorizing the borrowing of the Principal Amount and the execution and delivery of this Note, the GSA, the Warrant Certificate and all other agreements, documents and instruments referred to herein; and
 - (iii) receipt by the Borrower or UrtheCast, as the case may be, of all regulatory and other consents and waivers, if and as required, in order for the Borrower to enter into this Agreement and to perform its obligations hereunder.

7. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Holder as follows:

- (a) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (b) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (c) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency,

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reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

- (d) The execution of and performance under this Note will not violate: (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower, (iii) the Borrower's notice of articles or articles, or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (e) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (f) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no Governmental Approval is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA.
- (g) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (i) the Borrower or its businesses or properties or (ii) this Note or the GSA, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (h) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any Taxes of any material amount.
- (i) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

8. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (a) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount of this Note and the interest which shall have accrued thereon, on the dates and in the manner and currency specified herein.
- (b) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (c) The Borrower shall use the proceeds from the borrowing hereunder for general corporate purposes.

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- (d) The Borrower shall maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.
- (e) The Borrower shall comply with Applicable Law in all material respects.
- (f) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (g) The Borrower shall not create, incur or assume any Debt other than Debt secured by Permitted Liens in existence on the date hereof, unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (h) The Borrower shall not at any time during the term of this Note (i) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral; (ii) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets; or (iii) permit any new Liens to be placed on such Collateral or income-producing assets, except for Permitted Liens.
- (i) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Reorganization).
- (j) the Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.
- (k) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business.
- (l) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (m) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

9. URTHECAST COVENANTS

UrtheCast hereby covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder, it shall:

- (a) provide to the Holder evidence satisfactory to the Holder that it has used commercially reasonable efforts to sell, on or before December 31, 2019, any assets of UrtheCast Imaging S.L.U. and/or its subsidiaries as determined in the reasonable opinion of UrtheCast (collectively, the “Assets”); and

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- (b) on or before December 31, 2019, cause the obligations under this Note to have been repaid to the Holder (the “**Asset Sale Repayment**”) in an amount equal to the Bolzano Applicable Percentage of the net cash proceeds of any such sale of Assets remaining after repayment of any debt owing to any existing secured lender, in an amount not to exceed the aggregate of the principal amount of €15,500,000 (Euros), any interest thereon (including any capitalized interest), fees, costs and expenses and any other amounts due and owing in connection with such loan and related loan documents, and including any fees, costs and expenses incurred in connection with the sale of the Assets, and secured by a Lien on such Assets, which Asset Sale Repayment shall be made by the purchaser of such Assets directly to Bolzano and Lunar *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Lunar Applicable Percentage pursuant to a direction from the seller of such Assets.

10. CRIMINAL RATE OF INTEREST

In no event shall the aggregate “interest” (as defined in Section 347 (the “**Criminal Code Section**”) of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such “interest” is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such “interest” shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

11. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the “deemed interest period”) is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the borrowing hereunder based on the methodology for calculating per annum rates provided for in this Note. The Holder agrees that if requested in writing by the Borrower it will calculate the nominal and effective per annum rate of interest on the borrowing outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Note or the GSA, nor result in any liability to the Holder. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Note or the GSA, that the interest payable under this Note and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other Applicable Law or legal principle.

12. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new Note which shall carry the same rights carried by this Note, stating that such Note is issued in replacement of this Note, making reference to the

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original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

13. PAYMENTS CLEAR OF TAXES

- (a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section 13 shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing Taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.
- (b) If the Borrower shall be required by Applicable Law to deduct or withhold any Taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or Taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such Taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

14. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and all accrued and unpaid interest shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an “**Event of Default**”):

- (a) the Borrower fails to make payment when due of the Principal Amount or any accrued interest thereon;
- (b) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;
- (c) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within thirty (30) days after the Holder gives

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written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 8(h) above);

- (d) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (e) the Borrower defaults in the performance of or compliance with any term of the January Bolzano Note, the Skidmore Note, the Lunar Note, or the performance of or compliance with any term of any evidence of any other indebtedness (including the guarantee to SMF) relating to an amount in excess of \$250,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists (which default or condition has not been cured or waived prior to any action being taken hereunder with respect to such default), and as a consequence of such default or condition such indebtedness has become due and payable before its stated maturity or before its regularly scheduled date of payment;
- (f) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (g) the Borrower shall (i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (v) take any corporate action authorizing, or in furtherance of, any of the foregoing;
- (h) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or conveys any of such subsidiary's material income-producing assets to a third party without consent from the Holder; or
- (i) a Change of Control has occurred.

15. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (a) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and interest thereon and all other amounts owing hereunder and the under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.
- (b) The Holder may, in addition to all of its rights and remedies hereunder, the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (c) Any sum received by the Holder at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied *pro rata* in the same proportion as the Bolzano Applicable Percentage and the Lunar Applicable Percentage and each such application is to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder and under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any) and other amounts due hereunder other than with respect to the Principal Amount; (iv) third, to amounts due hereunder with respect to the Principal Amount; and (v) fourth, any excess shall be paid in accordance with the terms of any inter-lender agreement.

16. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 14 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

17. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

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18. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

19. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

20. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

21. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

22. FEES, EXPENSES AND INDEMNITY

- (a) The Borrower shall pay to the Holder a set up fee in an amount equal to three percent (3%) of the Principal Amount, which set up fee shall be deemed to be fully earned on the date of execution of this Note and is payable to the Holder from the proceeds of the advance of the Principal Amount.
- (b) Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (i) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto); or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

23. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

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24. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

25. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section 25 referred to as a “**Notice**”) shall be made in writing and except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

(a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC, V6C 0C3

Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

(b) to the Holder, at:

Bolzano Investments Limited
Queen Victoria House, 41-43 Victoria Street
Douglas, Isle of Man, IM1 2LF

Attention: Mr. Anthony Peter Arzt
Fax: 44 (0) 1624 673990
Email: TonyArzt@bridgewaters.co.im

Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section 25.

26. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the “**Original Currency**”) into another currency (the “**Second Currency**”), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the amount of the Original Currency able to be so purchased is less than the amount originally due in the Original Currency, the

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Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

27. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

28. EFFECT OF AMENDMENT AND RESTATEMENT

The parties hereto acknowledge and agree that this Note amends, restates and replaces in its entirety the promissory note dated June 26, 2019 made by the Borrower in favour of the Holder (the “**Existing Note**”) and that all amounts outstanding under the Existing Note that remain outstanding upon the effective date of this Note shall constitute amounts outstanding hereunder governed by the terms hereof and shall continue to be secured by the GSA. The Existing Note has been amended, restated and replaced by this Note solely for the purpose of reflecting amendments to the Existing Note which the parties have agreed upon. Also, for greater certainty, all references to this Note contained in the GSA or any other security delivered to the Holder prior to the effectiveness of this Note shall be references to this Note without further amendment to the GSA or such other security.

[signature page follows]

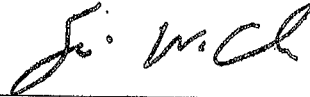
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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED on the 24 day of July, 2019.

1185781 B.C. LTD.

by its authorized signatory:

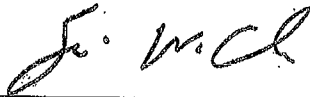


Name: Sai Chu
Title: Director

AGREED TO by UrtheCast on the 24 day of July, 2019, solely in connection with its obligations under paragraph 8 hereof.

URTHECAST CORP.

by its authorized signatory:



Name: _____
Title: **Sai W. Chu**
Chief Financial Officer

AGREED TO AND ACCEPTED by the Holder on the _____ day of July, 2019.

**BOLZANO INVESTMENTS
LIMITED**

by its authorized signatory:

Name: _____
Title: _____

IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED on the _____ day of July, 2019.

1185781 B.C. LTD.

by its authorized signatory:

Name:

Title:

AGREED TO by UrtheCast on the _____ day of July, 2019, solely in connection with its obligations under paragraph 8 hereof.

URTHECAST CORP.

by its authorized signatory:

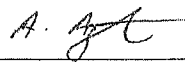
Name:

Title:

AGREED TO AND ACCEPTED by the Holder on the 24 day of July, 2019.

**BOLZANO INVESTMENTS
LIMITED**

by its authorized signatory:



Name: Anthony Arz

Title: Director

Execution Copy

Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
June 26, 2019	US \$1,500,000.00		US \$1,500,000.00	Sai Chn	Sc

Schedule "B"**Form of Warrant Certificate***[attached]*

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 27, 2019.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY OR UNDERLYING THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TORONTO STOCK EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT BEFORE OCTOBER 27, 2019.

**WARRANTS TO PURCHASE COMMON SHARES OF
URTHECAST CORP.**
(a corporation existing pursuant to the laws of Ontario)

Warrant Certificate Number: W-2019-09

Representing 10,560,000
Warrants to purchase
10,560,000 Common Shares

THIS IS TO CERTIFY THAT, for value received, Bolzano Investments Limited (the "Warrantholder") has the right to purchase in respect of each whole warrant (individually a "Warrant" and collectively the "Warrants") represented by this certificate or by a replacement certificate (in either case this "Warrant Certificate"), at any time up to 5:00 p.m. Vancouver time on June 26, 2024 (the "Expiry Time"), one fully paid and non-assessable common share (individually, a "Common Share" and collectively, the "Common Shares" and which terms shall include any shares or other securities to be issued in addition thereto or in substitution or replacement therefor as provided herein) of UrtheCast Corp. (the "Corporation"), a corporation existing under the *Business Corporations Act* (Ontario), at the "Original Exercise Price"; provided, however, that the Warrantholder shall not be permitted to exercise its Warrants to the extent that, after giving effect to such exercise, the Warrantholder, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the Securities Act (British Columbia)), would beneficially own in excess of 9.9% of the number of Common Shares outstanding immediately after giving effect to such exercise.

The Corporation agrees that the Common Shares purchased pursuant to the exercise of the Warrants shall be and be deemed to be issued to the Warrantholder as of the close of business on the date on which this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid.

Nothing contained herein shall confer any right upon the Warrantholder to subscribe for or purchase any Common Shares at any time after the Expiry Time and from and after the Expiry Time the Warrants and all rights under this Warrant Certificate shall be void and of no value.

The above provisions are subject to the following:

1. **Definitions:** In this Warrant, the following terms shall have the following meanings:

- (1) "Applicable Securities Laws" means, collectively, the applicable securities laws of each of the provinces of British Columbia and Ontario, their respective regulations, rulings, rules, orders (including blanket orders and discretionary orders), instruments (including national and multilateral instruments), fee schedules and prescribed forms thereunder, the applicable policy statements issued by the Securities Commissions or similar authority

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thereunder and the securities legislation of and policies issued by each other relevant jurisdiction and the rules and policies of the Exchange;

- (2) **"Current Market Price"** of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX or, if the Common Shares are not then listed on the TSX, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of 20 consecutive trading days ending on the third business day before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation;
 - (3) **"Exchange"** means the Toronto Stock Exchange or such other stock exchange on which the Common Shares are listed and posted for trading;
 - (4) **"Exercise Price"** means the Original Exercise Price and thereafter any adjustments thereto in accordance with the terms and conditions of this Certificate;
 - (5) **"Original Exercise Price"** means \$0.48, subject to adjustment as provided herein; and
 - (6) **"Securities Commissions"** means, collectively, the applicable securities commission or other securities administrator or regulatory authority in each of the provinces of British Columbia and Ontario or such other jurisdictions where the Warrantholder is a resident.
2. **Exercise:** In the event that the Warrantholder desires to exercise the right to purchase, subject to acceleration, Common Shares conferred hereby, the Warrantholder shall (a) complete to the extent possible in the manner indicated and execute a subscription form in the form attached as Schedule A to this Warrant Certificate, (b) surrender this original Warrant Certificate to the Corporation, and (c) pay the amount payable upon the exercise of such Warrants in respect of the Common Shares subscribed for by certified cheque, bank draft or money order in the lawful money of Canada payable to the Corporation or by transmitting same day funds in the lawful money of Canada by wire to such account as the Corporation shall direct the Warrantholder. Upon such surrender and payment as aforesaid, the Warrantholder shall be deemed for all purposes to be the holder of record of the number of Common Shares to be so issued and the Warrantholder shall be entitled to delivery of a certificate or certificates representing such Common Shares and the Corporation shall cause such certificate or certificates to be delivered to the Warrantholder at the address specified in the subscription form within three business days after such surrender and payment as aforesaid. No fractional Common Shares will be issuable upon any exercise of the Warrants and the Warrantholder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share. Nothing contained herein shall confer any right upon the Warrantholder to exercise any portion of its Warrants, to the extent that after giving effect to such exercise the Warrantholder, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the *Securities Act* (British Columbia)), would beneficially own in excess of 9.9% of the number of Common Shares outstanding immediately after giving effect to such exercise.

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3. **Partial Exercise:** The Warrantholder may from time to time subscribe for and purchase, subject to acceleration, any lesser number of Common Shares than the number of Common Shares expressed in this Warrant Certificate. In the event that the Warrantholder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Warrantholder shall be entitled to receive a replacement certificate representing the unexercised balance of the Warrants.
4. **Cashless Exercise:** Notwithstanding anything to the contrary in this Warrant Certificate, the Warrantholder may from time to time, upon exercise and subject to acceleration, elect to receive such number of Common Shares, which is equal to (i) the difference between the aggregate Original Exercise Price payable for the Common Shares and the aggregate Current Market Price of the Common Shares on the date of such exercise of the Warrants, (ii) divided by the Current Market Price. Contemporaneously with such cashless exercise and subject to section 3, the applicable Warrants exercised and represented by this Warrant Certificate shall automatically terminate and be of no further effect.
5. **Not a Shareholder:** The holding of the Warrants shall not constitute the Warrantholder as a shareholder of the Corporation nor entitle the Warrantholder to any right or interest in respect thereof except as expressly provided in this Warrant Certificate.
6. **Covenants, Representations and Warranties:** The Corporation hereby represents and warrants that it is authorized to create and issue the Warrants, which are valid and enforceable against the Corporation, and covenants and agrees that it will cause the Common Shares from time to time subscribed for and purchased in the manner provided in this Warrant Certificate and the certificate or certificates representing such Common Shares to be issued and that, at all times prior to the Expiry Time, it will reserve and there will remain unissued a sufficient number of Common Shares to satisfy the right of purchase provided for in this Warrant Certificate. The Corporation hereby covenants and agrees that, while any of the Warrants shall be outstanding, the Corporation shall (a) comply in all material respects with the securities legislation applicable to it; (b) shall use commercially reasonable efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence; and (c) at its own expense use its commercially reasonable efforts to maintain its status as a reporting issuer (or the equivalent) not in default in the case of each of the provinces and territories of Canada providing for such regime and expeditiously use its best efforts to obtain the listing of such Common Shares (subject to issue or notice of issue) on each stock exchange or over-the-counter market on which the Common Shares may be listed from time to time. All Common Shares which are issued upon the exercise of the right of purchase provided in this Warrant Certificate, upon payment therefor of the amount at which such Common Shares may be purchased pursuant to the provisions of this Warrant Certificate, shall be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.

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7. **Anti-Dilution Protection:**

- (1) **Definitions:** For the purposes of this section 0, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor in this subsection 7(1):
- (a) **"Adjustment Period"** means the period commencing on the date of issue of the Warrants and ending at the Expiry Time;
 - (b) **"director"** or **"director of the Corporation"** means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever empowered, action by any committee of the directors of the Corporation;
 - (c) **"trading day"** with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business; and
 - (d) **"TSX"** means the Toronto Stock Exchange.
- (2) **Adjustments:** The Original Exercise Price and the number of Common Shares issuable to the Warrantholder pursuant to this Warrant Certificate shall be subject to adjustment from time to time in the events and in the manner provided as follows:
- (a) If at any time during the Adjustment Period the Corporation shall:

issue any Common Shares or securities convertible into Common shares (other than Common Shares and securities convertible into Common Shares issued or issuable pursuant to the Corporation's equity incentive plan and other issuances in the ordinary course of business) below the Original Exercise Price (the **"Lower Exercise Price"**), the Original Exercise Price, shall be adjusted downwards to match the Lower Exercise Price provided however, that (i) the Warrants shall be exercisable for the same aggregate number of Common Shares as the Warrants would have been exercisable for immediately prior to such downward adjustment; and (ii) such Lower Exercise Price may not be lower than \$0.32;
 - (b) If at any time during the Adjustment Period the Corporation shall:
 - (i) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
 - (ii) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable or exercisable for or convertible into Common Shares;
 - (iii) subdivide the outstanding Common Shares into a greater number of Common Shares; or

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- (iv) consolidate the outstanding Common Shares into a lesser number of Common Shares,

(any of such events in subsections 7(2)(b)(i), 7(2)(b)(ii), 7(2)(b)(iii) and 7(2)(b)(iv) above being herein called a "**Common Share Reorganization**"), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- A. the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- B. the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable or exercisable for or convertible into Common Shares the number of Common Shares that would have been outstanding had such securities been exchanged or exercised for or converted into Common Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection 7(2)(a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable or exercisable for or convertible into Common Shares, the exercise price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the exercise price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. Any Warrantholder who has not exercised his right to subscribe for and purchase Common Shares on or prior to the record date of such stock dividend or distribution or the effective date of such subdivision or consolidation, as the case may be, upon the exercise of such right thereafter shall be entitled to receive and shall accept in lieu of the number of Common Shares then subscribed for and purchased by such Warrantholder, at the exercise price determined in accordance with this subsection 7(2)(a) the aggregate number of Common Shares that such Warrantholder would have been entitled to receive as a result of such Common Share Reorganization, if, on such record date or effective date, as the case may be, such Warrantholder had been the holder of record of the number of Common Shares so subscribed for and purchased.

- (c) If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable or exercisable for or

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convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable or exercisable for or convertible into Common Shares, at an exchange, exercise or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the aggregate of
 - A. the number of Common Shares outstanding on the record date for the Rights Offering, and
 - B. the quotient determined by dividing
 - (1) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange, exercise or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged, exercised or converted, as the case may be, by
 - (2) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable or exercisable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged, exercised or converted).

If by the terms of the rights, options, or warrants referred to in this subsection 7(2)(c), there is more than one purchase, exchange, exercise or conversion price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate exchange, exercise or conversion price of the exchangeable, exercisable or convertible securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, exchange, exercise or conversion price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection 7(2)(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this subsection 7(2)(c), the exercise price shall be readjusted immediately after the expiry of any relevant exchange, exercise or

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conversion right to the exercise price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (d) If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
- (i) shares of the Corporation of any class other than Common Shares;
 - (ii) rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable or exercisable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable or exercisable for or convertible into Common Shares at an exchange, exercise or conversion price per share) on the record date for the issue of such securities to the holder of at least 95% of the Current Market Price of the Common Shares on such record date);
 - (iii) evidences of indebtedness of the Corporation; or
 - (iv) any property or assets of the Corporation;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price by a fraction:

- A. the numerator of which shall be the difference between
 - (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - (2) the fair value, as determined by the directors of the Corporation and subject to approval from the TSX, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- B. the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

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Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection 7(2)(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares referred to in this subsection 7(2)(d), the exercise price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (e) If at any time during the Adjustment Period there shall occur:
 - (i) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (ii) a consolidation, amalgamation, arrangement or merger of the Corporation with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities; or
 - (iii) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being called a "**Capital Reorganization**"), after the effective date of the Capital Reorganization the Warrantholder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Warrantholder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Warrantholder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Warrantholder had been the registered holder of the number of Common Shares which the Warrantholders was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (f) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of subsection 7(2)(b), 7(2)(c), 7(2)(d) or 7(2)(e) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants

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immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

- (3) Rules: The following rules and procedures shall be applicable to adjustments made pursuant to subsection 7(2) of this Warrant Certificate:
- (a) Subject to this subsection 7(3), any adjustment made pursuant to subsection 7(2) hereof shall be made successively whenever an event referred to therein shall occur.
 - (b) No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the Exercise Price and no adjustment shall be made in the number of Common Shares purchasable upon the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this subsection 7(3)(b) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of subsection 7(2) hereof, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of the Common Share Reorganization described in subsection 7(2)(b)(iv) hereof or a Capital Reorganization described in subsection 7(2)(e)(ii) hereof).
 - (c) Subject to the Corporation receiving approval from the TSX, no adjustment in the Exercise Price or in the number or kind of securities purchasable upon the exercise of the Warrants shall be made in respect of any event described in section 0 hereof if the Warrantholder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Warrantholder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event.
 - (d) No adjustment in the Exercise Price or in the number of Common Shares purchasable upon the exercise of the Warrants shall be made pursuant to subsection 7(2) hereof in respect of the issue from time to time of Common Shares pursuant to this Warrant Certificate or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Corporation and/or any subsidiary of the Corporation and any such issue, and any grant of options in connection therewith, shall be deemed not to be a Common Share Reorganization, a Rights Offering nor any other event described in subsection 7(2) hereof.
 - (e) If at any time during the Adjustment Period the Corporation shall take any action affecting the Common Shares, other than an action or event described in subsection 7(2) hereof, which in the opinion of the directors of the Corporation would have a material adverse effect upon the rights of Warrantholders, either or both the Exercise Price and the number of Common Shares purchasable upon exercise of the Warrants shall be adjusted in such manner and at such time by action by the directors of the Corporation, in their sole discretion, as may be equitable in the circumstances. Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment prior to the effective date of

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any action by the Corporation affecting the Common Shares shall be deemed to be conclusive evidence that the directors of the Corporation have determined that it is equitable to make no adjustment in the circumstances.

- (f) If, at any time after four months and one day after the Issue Date, the closing trading price of the Common Shares on the Exchange equals or exceeds 250.0% of the Exercise Price of the Warrants for a period of at least 20 consecutive Trading Days, the Corporation shall be entitled, within 15 days of the occurrence of such event, to deliver a notice, in accordance with the notice provisions in Section 14, to the Warrantholders accelerating the Expiry Date of the Warrants to the date that is 30 days following the date of such notice (the "**Accelerated Exercise Period**"). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period. For greater certainty, the Corporation shall not accelerate the Expiry Date of the Warrants under this subsection 7(3)(f) to the extent that after giving effect to such acceleration the Warrantholder, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the *Securities Act* (British Columbia)) with the Warrantholder and its affiliates, would beneficially own in excess of 9.9% of the number of Common Shares outstanding immediately after giving effect to such exercise.
- (g) If the Corporation shall set a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants shall be required by reason of the setting of such record date.
- (h) In any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in subsection 7(2) hereof, the Corporation may defer, until the occurrence of such event:
 - (i) issuing to the Warrantholder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares or other securities issuable upon such exercise by reason of the adjustment required by such event; and
 - (ii) delivering to the Warrantholder any distribution declared with respect to such additional Common Shares or other securities after such record date and before such event;

provided, however, that the Corporation shall deliver to the Warrantholder an appropriate instrument evidencing the right of the Warrantholder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable upon the exercise of the Warrants.

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- (i) In the absence of a resolution of the directors of the Corporation fixing a record date for a Rights Offering, the Corporation shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.
 - (j) If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants, such disputes shall be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Corporation and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to subsection 7(2) hereof and shall be binding upon the Corporation and the Warrantholder.
 - (k) As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 7(2) hereof, including the Exercise Price and the number or class of Common Shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of counsel to the Corporation, be necessary in order that the Corporation may validly and legally issue as fully paid and non-assessable shares all of the Common Shares or other securities which the Warrantholder is entitled to receive in accordance with the provisions of this Warrant Certificate.
- (4) Notice: At least 21 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Warrantholder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Corporation shall deliver to the Warrantholder a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this subsection 7(4) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable deliver to the Warrantholder a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Corporation will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 21 day period.
- 8. Further Assurances: The Corporation hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the Warrantholder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.
 - 9. Time of Essence: Time shall be of the essence of this Warrant Certificate.
 - 10. Governing Laws: This Warrant Certificate shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
 - 11. Notices: All notices or other communications to be given under this Warrant Certificate shall be delivered by hand or by facsimile and, if delivered by hand, shall be deemed to have been given on the delivery date and, if sent by facsimile, on the date of transmission if sent before 5:00 p.m.,

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Toronto time, on a Business Day or, if sent after 5:00 p.m., Toronto time, or such day is not a Business Day, on the first Business Day following the date of transmission.

Notices to the Corporation shall be addressed to:

UrtheCast Corp.
1055 Canada Pl #33
Vancouver, BC V6C 0C3

Attention: Sai Chu, Chief Financial Officer
Fax: 604-669-1799
Email: SChu@urthecast.com

with a copy (which shall not constitute notice) to:

Bennett Jones LLP
Suite 2200, 1055 West Hastings Street
Vancouver, BC, V6E 2E9

Attention: Christian Gauthier
Fax: 604-891-5100
Email: GauthierC@bennettjones.com

Notices to the Warrantholder shall be addressed to:

Bolzano Investments Limited
Queen Victoria House, 41-43 Victoria Street
Douglas, Isle of Man, IM1 2LF

Attention: Anthony Peter Arzt
Fax: +44 (0)1624 673990
Email: TonyArzt@bridgewaters.co.im

with a copy (which shall not constitute notice) to:

McMillan LLP
Suite 1500, 1055 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Mark Neighbor
Fax: 604-685-7085
Email: mark.neighbor@mcmillan.ca

The Corporation and the Warrantholder may change its address for service by notice in writing to the other of them specifying its new address for service under this Warrant Certificate.

12. **United States Restrictions on Exercise and Resale:** The Warrantholder hereby acknowledges that the Warrants and the Common Shares issuable upon the exercise of the Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and that the

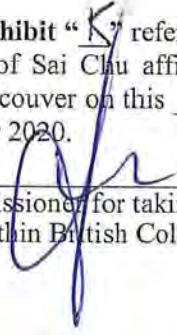
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Warrants may not be exercised or by or on behalf of a U.S. person or a person in the United States nor may the Common Shares issuable upon the exercise of the Warrants be offered or sold in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available..

13. **Lost Certificate:** If this Warrant Certificate or any replacement hereof becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and deliver a new certificate, in form identical hereto but with appropriate changes, representing any unexercised portion of the subscription rights represented hereby to replace the certificate so stolen, lost, mutilated or destroyed.
14. **Language:** The parties hereto acknowledge and confirm that they have requested that this Warrant Certificate as well as all notices and other documents contemplated hereby be drawn up in the English language. *Les parties aux présentes reconnaissent et confirment qu'elles ont exigé que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés en langue anglaise.*
15. **Transfer:** The Warrants are transferable and the term "Warrantholder" shall mean and include any successor, transferee or assignee of the current or any future. The Warrants may be transferred by the Warrantholder completing and delivering to the Corporation the transfer form attached hereto as Schedule B.
16. **Successors and Assigns:** This Warrant Certificate shall enure to the benefit of the Warrantholder and the successors and assignees thereof and shall be binding upon the Corporation and the successors thereof.

Remainder Intentionally Left Blank

This is **Exhibit “K”** referred to in the
Affidavit of Sai Chau affirmed before
me at Vancouver on this 3 day of
September 2020.



A Commissioner for taking Affidavits
within British Columbia

Final Execution Copy

SECURED TERM NOTE

1. PAYMENT

1185781 B.C. LTD. (the "**Borrower**"), a corporation formed under the laws of British Columbia, acknowledges its borrowing of the Principal Amount from Lunar Ventures Inc. ("**Lunar**"), a company incorporated under the laws of the British Virgin Islands, and hereby promises to pay to Lunar or any successor or permitted assign (each, a "**Holder**"), the principal sum of \$1,500,000 in lawful money of the United States, or such lesser sum as may be advanced by Lunar hereunder from time to time (the aggregate principal amount advanced and outstanding under this Note is referred to herein as the "**Principal Amount**") and all accrued and unpaid interest thereon and all other monies which may from time to time be owing hereunder or pursuant hereto on or before January 15, 2020 (the "**Maturity Date**").

Interest shall accrue daily on the Principal Amount at a rate of seventeen percent (17%) per annum, calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in U.S. Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rate shall be increased by two percent (2%) per annum if an Event of Default hereunder has occurred and is continuing (the "**Default Rate Interest**").

The Borrower hereby unconditionally, absolutely and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule "A"** to this Note (the "**Grid**"), the dates and amounts of all advances, and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be prima facie evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

"**Applicable Law**" means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

"**Asset Sale Repayment**" has the meaning given to that term in Section 9 hereof.

"**Assets**" has the meaning given to that term in Section 9 hereof.

"**Bolzano**" means Bolzano Investments Limited.

"**Bolzano Applicable Percentage**" has the meaning given to it in the June Bolzano Note.

"**Business Day**" means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

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"Change of Control" means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, one hundred percent (100%) of the Equity Interests then outstanding of the Borrower.

"Collateral" has the meaning given thereto in the GSA.

"Debt" means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above;

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business; (ii) prepaid or deferred revenue; (iii) deferred income Taxes; (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset; and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

"Equity Interests" means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person's equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

"Excluded Taxes" means (a) all taxes on, based on, measured by or with respect to the Holder's net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction; (b) Taxes imposed on or with respect to a Holder that does not deal at arm's length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment (other than where the non-arm's length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA); and (c) Taxes imposed on or with respect to a Holder that is a "specified non-resident shareholder" of the Borrower, or is a Person not dealing at arm's length with a "specified shareholder" of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a "specified non-resident shareholder", or is a Person not dealing at arm's length with a "specified shareholder" as a result

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of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

“GAAP” means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

“Geosys Acquisition” means the direct and indirect purchase by the Borrower of all of the issued and outstanding interests in the capital of certain Geosys entities, including Geosys Holdings ULC and Geosys-Intl, Inc., pursuant to that certain Purchase and Sale Agreement, made effective on November 6, 2018, among Land O’ Lakes, Inc., UrtheCast and the Borrower (as amended by that certain Amending Agreement to Purchase Agreement, made effective on December 10, 2018, among Land O’ Lakes, Inc., UrtheCast and the Borrower).

“Governmental Authority” means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

“GSA” means that certain amended and restated general security agreement, dated as of the date hereof, from the Borrower to Bolzano, as collateral agent for and on behalf of itself and Lunar as secured parties thereunder.

“January Bolzano Note” means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019.

“June Bolzano Note” means that certain secured term note dated effective June 26, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated and effective on or about the date hereof.

“Lien” means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

“Lunar Applicable Percentage” means, at any time, the percentage that (a) the sum of the Principal Amount hereunder, plus all accrued and unpaid interest thereon, plus all other obligations, debt and liability of the Borrower to Lunar or any other Holder hereunder (collectively, the “Indebtedness”) represents as a proportion of (b) the sum of (i) the Indebtedness, plus, (ii) the principal amount outstanding that is owed by the Borrower under the June Bolzano Note, plus all accrued and unpaid interest thereon, plus all other obligations, debt and liability of the Borrower under the June Bolzano Note at such time. For greater certainty, the sum of the Lunar Applicable Percentage and the Bolzano Applicable Percentage shall total one hundred percent (100%)

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower; (b) the ability of the Borrower to comply with this Note or the GSA; (c) the validity or enforceability of this Note or the GSA; or (d) the value of the Collateral (including the value of any Equity Interests).

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“Net Proceeds of Financing” means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

“Permitted Liens” means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;
- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (d) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (e) Liens securing the January Bolzano Note, subject to the terms of any inter-lender agreement;
- (f) Liens securing the June Bolzano Note, subject to the terms of any inter-lender agreement;
- (g) Liens securing the guarantee of the Borrower to SMF in respect of the UrtheCast Indebtedness, subject to the terms of any subordination agreement entered by SMF in favour of Lunar (or Bolzano as collateral trustee);
- (h) Liens in favour of Lunar (or Bolzano as collateral trustee) to secure the Indebtedness;
- (i) Liens securing the Skidmore Note, subject to the terms of any inter-lender agreement; and
- (j) any other Lien consented to in writing by the Holder.

“Person” means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and **“person”** has the same meaning.

“Reorganization” means the amalgamation of the Borrower and Geosys Holdings ULC in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the *Income Tax Act* (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder.

“Skidmore” means 1112099 B.C. Ltd.

“Skidmore Note” means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Skidmore, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019.

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“SMF” means SMF Investments Limited.

“UrtheCast” means UrtheCast Corp.

“UrtheCast Indebtedness” means all indebtedness, liability and obligations of UrtheCast to SMF.

“US Dollars”, “US \$” and \$ each mean the lawful currency of the United States of America.

“Warrant Certificate” means one or more warrant certificate(s) in substantially the form attached hereto as Schedule “B” evidencing the issuance of 10,560,000 common share purchase warrants of UrtheCast in favour of Lunar.

3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower’s obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and interest thereon shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made to the Holder at its address set out in Section 25 hereof or at such other place as the Holder may from time to time in writing direct, in U.S. Dollars, and shall be applied, subject to the terms of any inter-lender agreement between Lunar and Bolzano, first to amounts other than principal and interest owing under this Note, then in satisfaction of accrued and unpaid interest (including Default Rate Interest), and the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty, provided that the Borrower concurrently prepays the amounts outstanding under the June Bolzano Note *pro rata* in the same proportion as the Lunar Applicable Percentage and the Bolzano Applicable Percentage.

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

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If on any date the Borrower shall receive Net Proceeds of Financing, then one hundred percent (100%) of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts then outstanding hereunder and under the June Bolzano Note *pro rata* in the same proportion as the Lunar Applicable Percentage and the Bolzano Applicable Percentage.

5.2 Sale of Assets

Upon the sale of any Assets, the Borrower shall prepay the amounts then outstanding hereunder and under the June Bolzano Note in the manner more particularly set out in Section 9 hereunder.

6. CONDITIONS PRECEDENT

- (a) Conditions Precedent to Effectiveness of this Note. This Note shall become effective upon the date that:
 - (i) the conditions precedent to the advance of the Loan in accordance with Section 6(b) shall have been satisfied; and
 - (ii) Lunar shall have funded the advance of the Loan in the amount of \$1,500,000.
- (b) Conditions Precedent to Advance of the Loan. The obligation of Lunar to fund the Loan in the amount of \$1,500,000 is conditional upon satisfaction by the Borrower, or waiver by Lunar, of the following conditions, such satisfaction or waiver being determined by Lunar in its sole and unfettered discretion, acting reasonably:
 - (i) Lunar shall have received a duly executed copy of this Note, the GSA, the Warrant Certificate and all other agreements, documents and instruments referred to herein;
 - (ii) Lunar shall have received a certified copy of the Borrower's directors' resolution authorizing the borrowing of the Principal Amount and the execution and delivery of this Note, the GSA, the Warrant Certificate and all other agreements, documents and instruments referred to herein; and
 - (iii) receipt by the Borrower or UrtheCast, as the case may be, of all regulatory and other consents and waivers, if and as required, in order for the Borrower to enter into this Agreement and to perform its obligations hereunder.

7. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Holder as follows:

- (a) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (b) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (c) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency,

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reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

- (d) The execution of and performance under this Note will not violate (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower; (iii) the Borrower's notice of articles or articles; or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (e) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (f) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no Governmental Approval is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA.
- (g) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (i) the Borrower or its businesses or properties or (ii) this Note or the GSA, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (h) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any Taxes of any material amount.
- (i) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

8. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (a) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount of this Note and the interest which shall have accrued thereon, on the dates and in the manner and currency specified herein.
- (b) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (c) The Borrower shall use the proceeds from the borrowing hereunder for general corporate purposes.

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- (d) The Borrower shall maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.
- (e) The Borrower shall comply with Applicable Law in all material respects.
- (f) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (g) The Borrower shall not create, incur or assume any Debt other than Debt secured by Permitted Liens in existence on the date hereof, unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (h) The Borrower shall not at any time during the term of this Note (i) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral; (ii) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets; or (iii) permit any new Liens to be placed on such Collateral or income-producing assets, except for Permitted Liens.
- (i) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Reorganization).
- (j) the Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.
- (k) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business.
- (l) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (m) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

9. URTHECAST COVENANTS

UrtheCast hereby covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder, it shall:

- (a) provide to the Holder evidence satisfactory to the Holder that it has used commercially reasonable efforts to sell, on or before December 31, 2019, any assets of UrtheCast Imaging S.L.U. and/or its subsidiaries as determined in the reasonable opinion of UrtheCast (collectively, the "Assets"); and

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- (b) on or before December 31, 2019, cause the obligations under this Note to have been repaid to the Holder (the “**Asset Sale Repayment**”) in an amount equal to the Lunar Applicable Percentage of the net cash proceeds of any such sale of Assets remaining after repayment of any debt owing to any existing secured lender, in an amount not to exceed the aggregate of the principal amount of €15,500,000 (Euros), any interest thereon (including any capitalized interest), fees, costs and expenses and any other amounts due and owing in connection with such loan and related loan documents, and including any fees, costs and expenses incurred in connection with the sale of the Assets, and secured by a Lien on such Assets, which Asset Sale Repayment shall be made by the purchaser of such Assets directly to Lunar and Bolzano *pro rata* in the same proportion as the Lunar Applicable Percentage and the Bolzano Applicable Percentage pursuant to a direction from the seller of such Assets.

10. CRIMINAL RATE OF INTEREST

In no event shall the aggregate “interest” (as defined in Section 347 (the “**Criminal Code Section**”) of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such “interest” is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such “interest” shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

11. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the “**deemed interest period**”) is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the borrowing hereunder based on the methodology for calculating per annum rates provided for in this Note. The Holder agrees that if requested in writing by the Borrower it will calculate the nominal and effective per annum rate of interest on the borrowing outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Note or the GSA, nor result in any liability to the Holder. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Note or the GSA, that the interest payable under this Note and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other Applicable Law or legal principle.

12. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new Note which shall carry the same rights carried by this Note, stating that such Note is issued in replacement of this Note, making reference to the

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original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

13. PAYMENTS CLEAR OF TAXES

- (a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section 13 shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing Taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.
- (b) If the Borrower shall be required by Applicable Law to deduct or withhold any Taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or Taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such Taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

14. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and all accrued and unpaid interest shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an "Event of Default"):

- (a) the Borrower fails to make payment when due of the Principal Amount or any accrued interest thereon;
- (b) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;
- (c) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within thirty (30) days after the Holder gives

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written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 8(h) above);

- (d) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (e) the Borrower defaults in the performance of or compliance with any term of the January Bolzano Note, the Skidmore Note, the June Bolzano Note or the performance of or compliance with any term of any evidence of any other indebtedness (including the guarantee to SMF) relating to an amount in excess of \$250,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists (which default or condition has not been cured or waived prior to any action being taken hereunder with respect to such default), and as a consequence of such default or condition such indebtedness has become due and payable before its stated maturity or before its regularly scheduled date of payment;
- (f) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (g) the Borrower shall (i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (v) take any corporate action authorizing, or in furtherance of, any of the foregoing;
- (h) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or conveys any of such subsidiary's material income-producing assets to a third party without consent from the Holder; or
- (i) a Change of Control has occurred.

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15. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (a) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and interest thereon and all other amounts owing hereunder and the under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.
- (b) The Holder may, in addition to all of its rights and remedies hereunder, the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (c) Any sum received by the Holder at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied *pro rata* in the same proportion as the Lunar Applicable Percentage and the Bolzano Applicable Percentage and each such application is to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder and under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any) and other amounts due hereunder other than with respect to the Principal Amount; (iv) third, to amounts due hereunder with respect to the Principal Amount; and (v) fourth, any excess shall be paid in accordance with the terms of any inter-lender agreement.

16. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 14 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

17. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

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18. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

19. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

20. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

21. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

22. FEES, EXPENSES AND INDEMNITY

- (a) The Borrower shall pay to the Holder a set up fee in an amount equal to three percent (3%) of the Principal Amount, which set up fee shall be deemed to be fully earned on the date of execution of this Note and is payable to the Holder from the proceeds of the advance of the Principal Amount.
- (b) Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (i) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto); or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

23. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

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24. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

25. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section 25 referred to as a "Notice") shall be made in writing and except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

- (a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC, V6C 0C3

Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

- (b) to the Holder, at:

Lunar Ventures Inc.
3076 Sir Francis Drake's Highway
Road Town, Tortola
British Virgin Island

Attention: _____
Fax: _____
Email: _____

Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section 25.

26. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the "Original Currency") into another currency (the "Second Currency"), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the amount of the Original

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Currency able to be so purchased is less than the amount originally due in the Original Currency, the Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

27. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

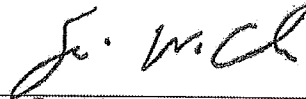
[signature page follows]

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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED on the 24th day of July, 2019.

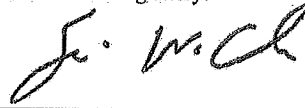
1185781 B.C. LTD.
by its authorized signatory:



Name: Sai Chu
Title: Director

AGREED TO by UrtheCast on the 24th day of July, 2019, solely in connection with its obligations under paragraph 9 hereof.

URTHECAST CORP.
by its authorized signatory:



Name: Sai W. Chu
Title: Chief Financial Officer

AGREED TO AND ACCEPTED by the Holder on the _____ day of July, 2019.

LUNAR VENTURES INC.
by its authorized signatory:

Name: _____
Title: _____

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IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED on the ____ day of July, 2019.

1185781 B.C. LTD.

by its authorized signatory:

Name:

Title:

AGREED TO by UrtheCast on the ____ day of July, 2019, solely in connection with its obligations under paragraph 9 hereof.

URTHECAST CORP.

by its authorized signatory:

Name:

Title:

AGREED TO AND ACCEPTED by the Holder on the 24th day of July, 2019.

LUNAR VENTURES INC.

by its authorized signatory:

Name: Jerome Ruth Delancy Lelsh Frett
For and on behalf of
Serco Management Limited
Title: Sole Director

Execution Copy

Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
July <u>24</u> , 2019	US\$1,500,000.00		US\$1,500,000.00	SAT CHU	<i>fun</i>

Schedule "B"**Form of Warrant Certificate***[attached]*

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE NOVEMBER 25, 2019.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY OR UNDERLYING THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TORONTO STOCK EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT BEFORE NOVEMBER 25, 2019.

**WARRANTS TO PURCHASE COMMON SHARES OF
URTHECAST CORP.**
(a corporation existing pursuant to the laws of Ontario)

Warrant Certificate Number: W-2019-10

Representing 10,560,000
Warrants to purchase
10,560,000 Common Shares

THIS IS TO CERTIFY THAT, for value received, Lunar Ventures Inc. (the "Warrantholder") has the right to purchase in respect of each whole warrant (individually a "Warrant" and collectively the "Warrants") represented by this certificate or by a replacement certificate (in either case this "Warrant Certificate"), at any time up to 5:00 p.m. Vancouver time on June 26, 2024 (the "Expiry Time"), one fully paid and non-assessable common share (individually, a "Common Share" and collectively, the "Common Shares" and which terms shall include any shares or other securities to be issued in addition thereto or in substitution or replacement therefor as provided herein) of UrtheCast Corp. (the "Corporation"), a corporation existing under the *Business Corporations Act* (Ontario), at the "Original Exercise Price"; provided, however, that the Warrantholder shall not be permitted to exercise its Warrants to the extent that, after giving effect to such exercise, the Warrantholder, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the Securities Act (British Columbia)), would beneficially own in excess of 9.9% of the number of Common Shares outstanding immediately after giving effect to such exercise.

The Corporation agrees that the Common Shares purchased pursuant to the exercise of the Warrants shall be and be deemed to be issued to the Warrantholder as of the close of business on the date on which this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid.

Nothing contained herein shall confer any right upon the Warrantholder to subscribe for or purchase any Common Shares at any time after the Expiry Time and from and after the Expiry Time the Warrants and all rights under this Warrant Certificate shall be void and of no value.

The above provisions are subject to the following:

1. **Definitions:** In this Warrant, the following terms shall have the following meanings:
 - (1) "Applicable Securities Laws" means, collectively, the applicable securities laws of each of the provinces of British Columbia and Ontario, their respective regulations, rulings, rules, orders (including blanket orders and discretionary orders), instruments (including national and multilateral instruments), fee schedules and prescribed forms thereunder, the applicable policy statements issued by the Securities Commissions or similar authority

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thereunder and the securities legislation of and policies issued by each other relevant jurisdiction and the rules and policies of the Exchange;

- (2) **"Current Market Price"** of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX or, if the Common Shares are not then listed on the TSX, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of 20 consecutive trading days ending on the third business day before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation;
 - (3) **"Exchange"** means the Toronto Stock Exchange or such other stock exchange on which the Common Shares are listed and posted for trading;
 - (4) **"Exercise Price"** means the Original Exercise Price and thereafter any adjustments thereto in accordance with the terms and conditions of this Certificate;
 - (5) **"Original Exercise Price"** means \$0.48, subject to adjustment as provided herein; and
 - (6) **"Securities Commissions"** means, collectively, the applicable securities commission or other securities administrator or regulatory authority in each of the provinces of British Columbia and Ontario or such other jurisdictions where the Warrantholder is a resident.
2. **Exercise:** In the event that the Warrantholder desires to exercise the right to purchase, subject to acceleration, Common Shares conferred hereby, the Warrantholder shall (a) complete to the extent possible in the manner indicated and execute a subscription form in the form attached as Schedule A to this Warrant Certificate, (b) surrender this original Warrant Certificate to the Corporation, and (c) pay the amount payable upon the exercise of such Warrants in respect of the Common Shares subscribed for by certified cheque, bank draft or money order in the lawful money of Canada payable to the Corporation or by transmitting same day funds in the lawful money of Canada by wire to such account as the Corporation shall direct the Warrantholder. Upon such surrender and payment as aforesaid, the Warrantholder shall be deemed for all purposes to be the holder of record of the number of Common Shares to be so issued and the Warrantholder shall be entitled to delivery of a certificate or certificates representing such Common Shares and the Corporation shall cause such certificate or certificates to be delivered to the Warrantholder at the address specified in the subscription form within three business days after such surrender and payment as aforesaid. No fractional Common Shares will be issuable upon any exercise of the Warrants and the Warrantholder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share. Nothing contained herein shall confer any right upon the Warrantholder to exercise any portion of its Warrants, to the extent that after giving effect to such exercise the Warrantholder, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the *Securities Act* (British Columbia)), would beneficially own in excess of 9.9% of the number of Common Shares outstanding immediately after giving effect to such exercise.

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3. **Partial Exercise:** The Warrantholder may from time to time subscribe for and purchase, subject to acceleration, any lesser number of Common Shares than the number of Common Shares expressed in this Warrant Certificate. In the event that the Warrantholder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Warrantholder shall be entitled to receive a replacement certificate representing the unexercised balance of the Warrants.
4. **Cashless Exercise:** Notwithstanding anything to the contrary in this Warrant Certificate, the Warrantholder may from time to time, upon exercise and subject to acceleration, elect to receive such number of Common Shares, which is equal to (i) the difference between the aggregate Original Exercise Price payable for the Common Shares and the aggregate Current Market Price of the Common Shares on the date of such exercise of the Warrants, (ii) divided by the Current Market Price. Contemporaneously with such cashless exercise and subject to section 3, the applicable Warrants exercised and represented by this Warrant Certificate shall automatically terminate and be of no further effect.
5. **Not a Shareholder:** The holding of the Warrants shall not constitute the Warrantholder as a shareholder of the Corporation nor entitle the Warrantholder to any right or interest in respect thereof except as expressly provided in this Warrant Certificate.
6. **Covenants, Representations and Warranties:** The Corporation hereby represents and warrants that it is authorized to create and issue the Warrants, which are valid and enforceable against the Corporation, and covenants and agrees that it will cause the Common Shares from time to time subscribed for and purchased in the manner provided in this Warrant Certificate and the certificate or certificates representing such Common Shares to be issued and that, at all times prior to the Expiry Time, it will reserve and there will remain unissued a sufficient number of Common Shares to satisfy the right of purchase provided for in this Warrant Certificate. The Corporation hereby covenants and agrees that, while any of the Warrants shall be outstanding, the Corporation shall (a) comply in all material respects with the securities legislation applicable to it; (b) shall use commercially reasonable efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence; and (c) at its own expense use its commercially reasonable efforts to maintain its status as a reporting issuer (or the equivalent) not in default in the case of each of the provinces and territories of Canada providing for such regime and expeditiously use its best efforts to obtain the listing of such Common Shares (subject to issue or notice of issue) on each stock exchange or over-the-counter market on which the Common Shares may be listed from time to time. All Common Shares which are issued upon the exercise of the right of purchase provided in this Warrant Certificate, upon payment therefor of the amount at which such Common Shares may be purchased pursuant to the provisions of this Warrant Certificate, shall be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.

7. **Anti-Dilution Protection:**

- (1) **Definitions:** For the purposes of this section 7, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor in this subsection 7(1):
- (a) **"Adjustment Period"** means the period commencing on the date of issue of the Warrants and ending at the Expiry Time;
 - (b) **"director"** or **"director of the Corporation"** means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever empowered, action by any committee of the directors of the Corporation;
 - (c) **"trading day"** with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business; and
 - (d) **"TSX"** means the Toronto Stock Exchange.
- (2) **Adjustments:** The Original Exercise Price and the number of Common Shares issuable to the Warrantholder pursuant to this Warrant Certificate shall be subject to adjustment from time to time in the events and in the manner provided as follows:
- (a) If at any time during the Adjustment Period the Corporation shall:

issue any Common Shares or securities convertible into Common shares (other than Common Shares and securities convertible into Common Shares issued or issuable pursuant to the Corporation's equity incentive plan and other issuances in the ordinary course of business) below the Original Exercise Price (the **"Lower Exercise Price"**), the Original Exercise Price, shall be adjusted downwards to match the Lower Exercise Price provided however, that (i) the Warrants shall be exercisable for the same aggregate number of Common Shares as the Warrants would have been exercisable for immediately prior to such downward adjustment; and (ii) such Lower Exercise Price may not be lower than \$0.32;
 - (b) If at any time during the Adjustment Period the Corporation shall:
 - (i) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
 - (ii) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable or exercisable for or convertible into Common Shares;
 - (iii) subdivide the outstanding Common Shares into a greater number of Common Shares; or

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- (iv) consolidate the outstanding Common Shares into a lesser number of Common Shares,

(any of such events in subsections 7(2)(b)(i), 7(2)(b)(ii), 7(2)(b)(iii) and 7(2)(b)(iv) above being herein called a "**Common Share Reorganization**"), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- A. the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- B. the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable or exercisable for or convertible into Common Shares the number of Common Shares that would have been outstanding had such securities been exchanged or exercised for or converted into Common Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection 7(2)(a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable or exercisable for or convertible into Common Shares, the exercise price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the exercise price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. Any Warrantholder who has not exercised his right to subscribe for and purchase Common Shares on or prior to the record date of such stock dividend or distribution or the effective date of such subdivision or consolidation, as the case may be, upon the exercise of such right thereafter shall be entitled to receive and shall accept in lieu of the number of Common Shares then subscribed for and purchased by such Warrantholder, at the exercise price determined in accordance with this subsection 7(2)(a) the aggregate number of Common Shares that such Warrantholder would have been entitled to receive as a result of such Common Share Reorganization, if, on such record date or effective date, as the case may be, such Warrantholder had been the holder of record of the number of Common Shares so subscribed for and purchased.

- (c) If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable or exercisable for or

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convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable or exercisable for or convertible into Common Shares, at an exchange, exercise or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the aggregate of
 - A. the number of Common Shares outstanding on the record date for the Rights Offering, and
 - B. the quotient determined by dividing
 - (1) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange, exercise or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged, exercised or converted, as the case may be, by
 - (2) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable or exercisable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged, exercised or converted).

If by the terms of the rights, options, or warrants referred to in this subsection 7(2)(c), there is more than one purchase, exchange, exercise or conversion price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate exchange, exercise or conversion price of the exchangeable, exercisable or convertible securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, exchange, exercise or conversion price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection 7(2)(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this subsection 7(2)(c), the exercise price shall be readjusted immediately after the expiry of any relevant exchange, exercise or

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conversion right to the exercise price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (d) If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
- (i) shares of the Corporation of any class other than Common Shares;
 - (ii) rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable or exercisable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable or exercisable for or convertible into Common Shares at an exchange, exercise or conversion price per share) on the record date for the issue of such securities to the holder of at least 95% of the Current Market Price of the Common Shares on such record date);
 - (iii) evidences of indebtedness of the Corporation; or
 - (iv) any property or assets of the Corporation;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "Special Distribution"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price by a fraction:

- A. the numerator of which shall be the difference between
 - (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - (2) the fair value, as determined by the directors of the Corporation and subject to approval from the TSX, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- B. the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

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Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection 7(2)(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares referred to in this subsection 7(2)(d), the exercise price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (e) If at any time during the Adjustment Period there shall occur:
- (i) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (ii) a consolidation, amalgamation, arrangement or merger of the Corporation with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities; or
 - (iii) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being called a "Capital Reorganization"), after the effective date of the Capital Reorganization the Warrantholder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Warrantholder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Warrantholder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Warrantholder had been the registered holder of the number of Common Shares which the Warrantholders was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (f) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of subsection 7(2)(b), 7(2)(c), 7(2)(d) or 7(2)(e) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants

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immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

- (3) Rules: The following rules and procedures shall be applicable to adjustments made pursuant to subsection 7(2) of this Warrant Certificate:
- (a) Subject to this subsection 7(3), any adjustment made pursuant to subsection 7(2) hereof shall be made successively whenever an event referred to therein shall occur.
 - (b) No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the Exercise Price and no adjustment shall be made in the number of Common Shares purchasable upon the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this subsection 7(3)(b) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of subsection 7(2) hereof, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of the Common Share Reorganization described in subsection 7(2)(b)(iv) hereof or a Capital Reorganization described in subsection 7(2)(e)(ii) hereof).
 - (c) Subject to the Corporation receiving approval from the TSX, no adjustment in the Exercise Price or in the number or kind of securities purchasable upon the exercise of the Warrants shall be made in respect of any event described in section 7 hereof if the Warrantholder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Warrantholder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event.
 - (d) No adjustment in the Exercise Price or in the number of Common Shares purchasable upon the exercise of the Warrants shall be made pursuant to subsection 7(2) hereof in respect of the issue from time to time of Common Shares pursuant to this Warrant Certificate or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Corporation and/or any subsidiary of the Corporation and any such issue, and any grant of options in connection therewith, shall be deemed not to be a Common Share Reorganization, a Rights Offering nor any other event described in subsection 7(2) hereof.
 - (e) If at any time during the Adjustment Period the Corporation shall take any action affecting the Common Shares, other than an action or event described in subsection 7(2) hereof, which in the opinion of the directors of the Corporation would have a material adverse effect upon the rights of Warrantholders, either or both the Exercise Price and the number of Common Shares purchasable upon exercise of the Warrants shall be adjusted in such manner and at such time by action by the directors of the Corporation, in their sole discretion, as may be equitable in the circumstances. Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment prior to the effective date of

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any action by the Corporation affecting the Common Shares shall be deemed to be conclusive evidence that the directors of the Corporation have determined that it is equitable to make no adjustment in the circumstances.

- (f) If, at any time after four months and one day after the Issue Date, the closing trading price of the Common Shares on the Exchange equals or exceeds 250.0% of the Exercise Price of the Warrants for a period of at least 20 consecutive Trading Days, the Corporation shall be entitled, within 15 days of the occurrence of such event, to deliver a notice, in accordance with the notice provisions in Section 14, to the Warrantholders accelerating the Expiry Date of the Warrants to the date that is 30 days following the date of such notice (the "**Accelerated Exercise Period**"). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period. For greater certainty, the Corporation shall not accelerate the Expiry Date of the Warrants under this subsection 7(3)(f) to the extent that after giving effect to such acceleration the Warrantholder, alone or together with any of its affiliates and persons acting jointly or in concert (within the meaning of the *Securities Act* (British Columbia)) with the Warrantholder and its affiliates, would beneficially own in excess of 9.9% of the number of Common Shares outstanding immediately after giving effect to such exercise.
- (g) If the Corporation shall set a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants shall be required by reason of the setting of such record date.
- (h) In any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in subsection 7(2) hereof, the Corporation may defer, until the occurrence of such event:
 - (i) issuing to the Warrantholder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares or other securities issuable upon such exercise by reason of the adjustment required by such event; and
 - (ii) delivering to the Warrantholder any distribution declared with respect to such additional Common Shares or other securities after such record date and before such event;

provided, however, that the Corporation shall deliver to the Warrantholder an appropriate instrument evidencing the right of the Warrantholder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable upon the exercise of the Warrants.

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- (i) In the absence of a resolution of the directors of the Corporation fixing a record date for a Rights Offering, the Corporation shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.
 - (j) If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants, such disputes shall be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Corporation and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to subsection 7(2) hereof and shall be binding upon the Corporation and the Warrantholder.
 - (k) As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 7(2) hereof, including the Exercise Price and the number or class of Common Shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of counsel to the Corporation, be necessary in order that the Corporation may validly and legally issue as fully paid and non-assessable shares all of the Common Shares or other securities which the Warrantholder is entitled to receive in accordance with the provisions of this Warrant Certificate.
- (4) Notice: At least 21 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Warrantholder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Corporation shall deliver to the Warrantholder a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this subsection 7(4) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable deliver to the Warrantholder a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Corporation will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 21 day period.
8. Further Assurances: The Corporation hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the Warrantholder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.
9. Time of Essence: Time shall be of the essence of this Warrant Certificate.
10. Governing Laws: This Warrant Certificate shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
11. Notices: All notices or other communications to be given under this Warrant Certificate shall be delivered by hand or by facsimile and, if delivered by hand, shall be deemed to have been given on the delivery date and, if sent by facsimile, on the date of transmission if sent before 5:00 p.m.,

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Toronto time, on a Business Day or, if sent after 5:00 p.m., Toronto time, or such day is not a Business Day, on the first Business Day following the date of transmission.

Notices to the Corporation shall be addressed to:

UrtheCast Corp.
1055 Canada Pl #33
Vancouver, BC V6C 0C3

Attention: Sai Chu, Chief Financial Officer
Fax: 604-669-1799
Email: SChu@urthecast.com

with a copy (which shall not constitute notice) to:

Bennett Jones LLP
Suite 2200, 1055 West Hastings Street
Vancouver, BC, V6E 2E9

Attention: Christian Gauthier
Fax: 604-891-5100
Email: GauthierC@bennettjones.com

Notices to the Warrantholder shall be addressed to:

Lunar Ventures Inc.
3076 Sir Francis Drake's Highway
Road Town, Tortola
British Virgin Island

Attention: Christoph Rumpf
Fax: +41 61 561 72 40
Email: christoph.rumpf@cvradvisory.ch

with a copy (which shall not constitute notice) to:

McMillan LLP
Suite 1500, 1055 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Mark Neighbor
Fax: 604-685-7085
Email: mark.neighbor@mcmillan.ca

The Corporation and the Warrantholder may change its address for service by notice in writing to the other of them specifying its new address for service under this Warrant Certificate.

12. **United States Restrictions on Exercise and Resale:** The Warrantholder hereby acknowledges that the Warrants and the Common Shares issuable upon the exercise of the Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the

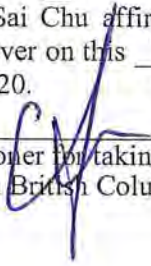
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"U.S. Securities Act"), or the securities laws of any state of the United States, and that the Warrants may not be exercised or by or on behalf of a U.S. person or a person in the United States nor may the Common Shares issuable upon the exercise of the Warrants be offered or sold in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available..

13. **Lost Certificate:** If this Warrant Certificate or any replacement hereof becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and deliver a new certificate, in form identical hereto but with appropriate changes, representing any unexercised portion of the subscription rights represented hereby to replace the certificate so stolen, lost, mutilated or destroyed.
14. **Language:** The parties hereto acknowledge and confirm that they have requested that this Warrant Certificate as well as all notices and other documents contemplated hereby be drawn up in the English language. *Les parties aux présentes reconnaissent et confirment qu'elles ont exigé que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés en langue anglaise.*
15. **Transfer:** The Warrants are transferable and the term "Warrantholder" shall mean and include any successor, transferee or assignee of the current or any future. The Warrants may be transferred by the Warrantholder completing and delivering to the Corporation the transfer form attached hereto as Schedule B.
16. **Successors and Assigns:** This Warrant Certificate shall enure to the benefit of the Warrantholder and the successors and assignees thereof and shall be binding upon the Corporation and the successors thereof.

Remainder Intentionally Left Blank

This is **Exhibit “L”** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia

SECURED TERM NOTE**1. PAYMENT**

1185781 B.C. LTD. (the “**Borrower**”) acknowledges its borrowing of the Principal Amount from **1262743 B.C. LTD.** (the “**Lender**”) and hereby promises to pay to the Lender or any successor or permitted assign (each, a “**Holder**”), the principal sum of up to \$1,000,000 in lawful money of the United States, or such lesser sum as may be advanced by the Lender hereunder from time to time (the aggregate principal amount advanced and outstanding under this Note is referred to herein as the “**Principal Amount**”) and all accrued and unpaid interest thereon and all other monies which may from time to time be owing hereunder or pursuant hereto on or before November 30, 2020 (the “**Maturity Date**”).

Interest shall accrue daily on the Principal Amount at a rate of 18 percent per annum, calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in U.S. Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rate shall be increased by seven percent per annum if an Event of Default hereunder has occurred and is continuing (the “**Default Rate Interest**”).

The Lender shall advance the principal sum of \$500,100 to the Borrower on the date hereof. Upon written request of the Borrower, the Holder may advance up to an additional \$500,000 at any time before the Maturity Date on the terms and conditions of this Note.

The Borrower hereby unconditionally, absolutely and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule “A”** to this Note (the “**Grid**”), the dates and amounts of all advances, and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be prima facie evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

“**Applicable Law**” means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

“**Bolzano**” means Bolzano Investments Limited.

“**Business Day**” means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

“**Change of Control**” means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct

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or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, one hundred percent (100%) of the Equity Interests then outstanding of the Borrower.

“**Collateral**” has the meaning given thereto in the GSA.

“**Debt**” means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above;

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business; (ii) prepaid or deferred revenue; (iii) deferred income Taxes; (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset; and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

“**Equity Interests**” means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person’s equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

“**Excluded Taxes**” means (a) all taxes on, based on, measured by or with respect to the Holder’s net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction; (b) Taxes imposed on or with respect to a Holder that does not deal at arm’s length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment (other than where the non-arm’s length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA); and (c) Taxes imposed on or with respect to a Holder that is a “specified non-resident shareholder” of the Borrower, or is a Person not dealing at arm’s length with a “specified shareholder” of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a “specified non-resident shareholder”, or is a Person not dealing at arm’s length with a “specified shareholder” as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

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"GAAP" means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

"Governmental Authority" means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

"GSA" means that certain general security agreement, dated as of the date hereof, from the Borrower to the Lender, as collateral agent for and on behalf of itself as a secured party thereunder.

"January 2019 Bolzano Note" means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019, as further amended and restated.

"June 2019 Bolzano Note" means that certain secured term note dated effective June 26, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

"Lunar" means Lunar Ventures Inc.

"Lunar Note" means that certain secured term note dated effective July 24, 2019 issued by the Borrower, as borrower thereunder, in favour of Lunar, as initial holder thereunder, as amended and restated.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower; (b) the ability of the Borrower to comply with this Note or the GSA; (c) the validity or enforceability of this Note or the GSA; or (d) the value of the Collateral (including the value of any Equity Interests).

"Net Proceeds of Financing" means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

"Permitted Liens" means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;

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- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (d) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (e) Liens securing the January 2019 Bolzano Note and the Skidmore Note, subject to the terms of any inter-lender agreement;
- (f) Liens securing the June 2019 Bolzano Note, subject to the terms of any inter-lender agreement;
- (g) Liens securing the Lunar Note, subject to the terms of any inter-lender agreement;
- (h) Liens securing the guarantee of the Borrower to SMF in respect of the UrtheCast Indebtedness, subject to the terms of any subordination agreement entered by SMF in favour of Lunar (or Bolzano as collateral trustee);
- (i) Liens in favour of Lunar (or Bolzano as collateral trustee) to secure the Indebtedness; and
- (j) any other Lien consented to in writing by the Holder.

“Person” means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and **“person”** has the same meaning.

“Reorganization” means the amalgamation of the Borrower and Geosys Holdings ULC in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the *Income Tax Act* (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder.

“Skidmore” means 1249836 B.C. Ltd.

“Skidmore Note” means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Skidmore, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019.

“SMF” means SMF Investments Limited.

“Subordination and Standstill Agreement” means that certain subordination and standstill agreement, dated as of the date hereof, among the Borrower, UrtheCast, Skidmore, Bolzano, Lunar, SMF and 1194249 B.C. Ltd.

“UrtheCast” means UrtheCast Corp.

“UrtheCast Indebtedness” means all indebtedness, liability and obligations of UrtheCast to SMF.

“US Dollars”, “US \$” and **\$** each mean the lawful currency of the United States of America.

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3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower's obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and interest thereon shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made to the Holder at its address set out in Section 24 hereof or at such other place as the Holder may from time to time in writing direct, in U.S. Dollars, and shall be applied first to amounts other than principal and interest owing under this Note, then in satisfaction of accrued and unpaid interest (including Default Rate Interest), and the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty.

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

If on any date the Borrower shall receive Net Proceeds of Financing, then one hundred percent (100%) of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts then outstanding hereunder.

5.2 Sale of Assets

Upon the sale of any assets, the Borrower shall prepay the amounts then outstanding hereunder.

6. CONDITIONS PRECEDENT

- (a) Conditions Precedent to Effectiveness of this Note. This Note shall become effective upon the date that the conditions precedent to the advance of the Loan in accordance with Section 6(b) shall have been satisfied.
- (b) Conditions Precedent to Advance of the Loan. The obligation of the Lender to fund the Loan in the amount of \$1,000,000 is conditional upon satisfaction by the Borrower, or

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waiver by the Lender, of the following conditions, such satisfaction or waiver being determined by the Lender in its sole and unfettered discretion, acting reasonably:

- (i) Lender shall have received a duly executed copy of this Note, the GSA, the Subordination and Standstill Agreement and all other agreements, documents and instruments referred to herein;
- (ii) Lender shall have received a certified copy of the Borrower's directors' resolution authorizing the borrowing of the Principal Amount and the execution and delivery of this Note, the GSA, the Subordination and Standstill Agreement and all other agreements, documents and instruments referred to herein; and
- (iii) receipt by the Borrower or UrtheCast, as the case may be, of all regulatory and other consents and waivers, if and as required, in order for the Borrower to enter into this Agreement and to perform its obligations hereunder.

7. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Holder as follows:

- (a) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (b) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (c) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.
- (d) The execution of and performance under this Note will not violate (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower; (iii) the Borrower's notice of articles or articles; or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (e) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (f) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no Governmental Approval is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA or the Subordination and Standstill Agreement.

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- (g) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (i) the Borrower or its businesses or properties or (ii) this Note, the GSA or the Subordination and Standstill Agreement, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (h) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any Taxes of any material amount.
- (i) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

8. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (a) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount of this Note and the interest which shall have accrued thereon, on the dates and in the manner and currency specified herein.
- (b) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (c) The Borrower shall comply with Applicable Law in all material respects.
- (d) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (e) The Borrower shall not create, incur or assume any Debt other than Debt secured by Permitted Liens in existence on the date hereof, unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (f) The Borrower shall not at any time during the term of this Note (i) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral; (ii) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets; or (iii) permit any new Liens to be placed on such Collateral or income-producing assets, except for Permitted Liens.
- (g) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Reorganization).

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- (h) the Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.
- (i) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business.
- (j) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (k) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

9. CRIMINAL RATE OF INTEREST

In no event shall the aggregate “interest” (as defined in Section 347 (the “**Criminal Code Section**”) of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such “interest” is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such “interest” shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

10. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the “**deemed interest period**”) is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the borrowing hereunder based on the methodology for calculating per annum rates provided for in this Note. The Holder agrees that if requested in writing by the Borrower it will calculate the nominal and effective per annum rate of interest on the borrowing outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Note or the GSA, nor result in any liability to the Holder. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Note or the GSA, that the interest payable under this Note and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other Applicable Law or legal principle.

11. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new Note which shall carry the same rights

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carried by this Note, stating that such Note is issued in replacement of this Note, making reference to the original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

12. PAYMENTS CLEAR OF TAXES

- (a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section 12 shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing Taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.
- (b) If the Borrower shall be required by Applicable Law to deduct or withhold any Taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or Taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such Taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

13. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and all accrued and unpaid interest shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an “**Event of Default**”):

- (a) the Borrower fails to make payment when due of the Principal Amount or any accrued interest thereon;
- (b) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;

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- (c) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within thirty (30) days after the Holder gives written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 8(f) above);
- (d) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (e) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (f) the Borrower shall (i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (v) take any corporate action authorizing, or in furtherance of, any of the foregoing;
- (g) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or conveys any of such subsidiary's material income-producing assets to a third party without consent from the Holder; or
- (h) a Change of Control has occurred.

14. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (a) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and interest thereon and all other amounts owing hereunder and

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under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.

- (b) The Holder may, in addition to all of its rights and remedies hereunder, the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (c) Any sum received by the Holder at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied to this Note, and such application is to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder and under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any) and other amounts due hereunder other than with respect to the Principal Amount; (iv) third, to amounts due hereunder with respect to the Principal Amount; and (v) fourth, any excess shall be paid in accordance with the terms of any inter-lender agreement.

15. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 13 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

16. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

17. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

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18. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

19. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

20. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

21. FEES, EXPENSES AND INDEMNITY

- (a) The Borrower shall pay to the Holder a set up fee in an amount equal to three percent (3%) of the Principal Amount, which set up fee shall be deemed to be fully earned on the date of execution of this Note and is payable to the Holder from the proceeds of the advance of the Principal Amount.
- (b) Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (i) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto); or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

22. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

23. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

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24. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section 24 referred to as a “Notice”) shall be made in writing and except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

(a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC, V6C 0C3

Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

(b) to the Holder, at:

1262743 B.C. Ltd.
3907 1788 Gilmore Avenue
Burnaby, BC, V5C 0L5

Attention: Scott Larson
Email: slarson@intllaunch.com

Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section 24.

25. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the “Original Currency”) into another currency (the “Second Currency”), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the amount of the Original Currency able to be so purchased is less than the amount originally due in the Original Currency, the Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

- 14 -

26. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

27. INDEPENDENT LEGAL ADVICE

Each of the parties hereto acknowledges, confirms and agrees that it has had the opportunity to seek and was not prevented or discouraged by any party hereto from seeking independent legal advice prior to the execution and delivery of this Note and that, in the event that any party did not avail itself with that opportunity prior to signing this Note, such party did so voluntarily without any undue pressure and agrees that such party's failure to obtain independent legal advice shall not be used by him/her/it as a defence to the enforcement of its obligations under this Note.

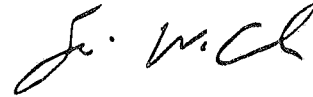
[signature page follows]

IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED on the 27th day of August, 2020.

1185781 B.C. LTD.

by its authorized signatory:

A handwritten signature in black ink, appearing to read "Sai Chu", written over a horizontal line.

Name: Sai Chu
Title: Director

- 16 -

AGREED TO AND ACCEPTED by the Holder on the ____ day of August, 2020.

1262743 B.C. LTD.
by its authorized signatory:

Name:
Title:

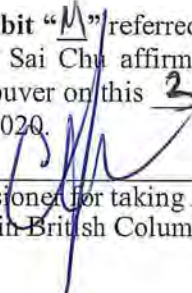
Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
August 27, 2020	US\$515,103.00*		US\$515,103.00		

* Includes 3% set-up fee.

This is **Exhibit "M"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia

*Execution Version***SUBORDINATION AND STANDSTILL AGREEMENT**

THIS AGREEMENT is made August 27, 2020 among 1249836 BC Ltd., Bolzano Investments Limited, Lunar Ventures Inc., SMF Investments Limited, 1194249 B.C. Ltd. (the "**Subordinated Creditors**") and 1185781 B.C. Ltd. (the "**Borrower**") and 1262743 B.C. Ltd., as lender (together with its successors and assigns, the "**Lender**", and the Lender, together with the Subordinated Creditors, the "**Creditors**") and delivered pursuant to a loan agreement dated the date hereof (as may be further amended, modified, restated, supplemented, renewed, extended and replaced from time to time being collectively referred to herein as the "**Loan Agreement**") between the Borrower and the Lender.

WHEREAS the Borrower is or will be indebted to the Lender in an amount of up to US\$1,000,000 and have granted or will grant security to the Lender in respect of such indebtedness (the "**Senior Security**");

AND WHEREAS 1185781 B.C. Ltd. is indebted to the Subordinated Creditors pursuant to certain loan agreements, guarantees and general security and pledge agreements and inter-creditor agreements (as may be replaced, amended or restated, as further described in Schedule A hereto, the "**Subordinated Loan Documents**");

AND WHEREAS the Borrower has granted or has agreed to grant security to the Lender in respect of indebtedness owing to it or that will be owed to it by the Borrower and it is a condition to closing of Loan Agreement that the Subordinated Creditors subordinate and postpone any and all indebtedness, liabilities and obligations owing to the Subordinated Creditors by the Borrower and any and all security granted to the Subordinated Creditors in respect of such obligations;

NOW THEREFORE in consideration of the mutual covenants made herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

1. **Consent:** Each Subordinated Creditor hereby consents to the creation and issuance by the Borrower to the Lender of the Senior Debt and Senior Security, agrees that the said creation and issuance shall not constitute a default or event of default under the Subordinated Debt and consents to the incurring by the Borrower of the indebtedness and obligations secured by the Senior Security.

2. **Priorities, Subordination and Postponement:**

- (a) Subject to the terms of Section 3 hereof, each Subordinated Creditor hereby covenants and agrees that all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing to the Subordinated Creditors by the Borrower (the "**Subordinated Debt**") is hereby deferred and postponed in all respects by the Subordinated Creditors to the prior repayment in full by the Borrower of all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender (collectively, the "**Senior**

Debt"). Each Subordinated Creditor further covenants and agrees that all liens, charges, pledges, guarantees, hypothecs, security interests and other security agreements of any nature or kind now or hereafter granted by the Borrower to the Subordinated Creditors granted as security for due payment of the Subordinated Debts (collectively, the "**Subordinated Security**") is hereby deferred and postponed by the Subordinated Creditors to the Senior Security and shall rank in all respects after the Senior Security.

- (b) All of the parties hereto hereby covenant and agree that proceeds resulting from the enforcement of the Subordinated Security or the Senior Security shall be divided or otherwise dealt with in such a way as to give effect to the provisions of this Agreement and the priorities, subordinations and postponements created or intended to be established hereby.
- (c) None of the parties hereto shall take any steps or do any act or thing whereby the priorities provided for herein may be defeated or impaired. If any third party shall have a valid claim to the proceeds of any or all of the assets, property or undertaking of the Borrower in priority to or on a parity with any of the Creditors but not in priority to or on a parity with others of them, then this Agreement shall not apply so as to diminish the rights (as such rights would have been but for the provisions of this Agreement) of such others of them against any such other third party to the proceeds of disposition of any or all of such assets, property or undertaking.
- (d) The Borrower represents and warrants that the Subordinated Debt and Subordinated Security have not been assigned, pledged or hypothecated by the Subordinated Creditors. Each Subordinated Creditor represents and warrants that the Subordinated Debt and Subordinated Security held by it has not been assigned, pledged or hypothecated.

3. **Repayment of Subordinated Debt:** The Subordinated Creditors shall not be entitled to permit nor to require the Borrower to make any payment of principal owing (including without limitation any prepayments of principal), nor to require or permit the payment of any fees whatsoever, in respect of the Subordinated Debt, unless and until all amounts owing under the Senior Debt, including all accrued and unpaid interest, shall have been indefeasibly paid in full.

4. **Status of Subordinated Debt:**

- (a) Each Subordinated Creditor and the Borrower hereby acknowledge and agree that:
 - (i) the terms of the Subordinated Debt and Subordinated Security (including, without limitation, the principal amount thereof, applicable interest rates and other covenants) shall not be amended without the prior written consent of the Lender;
 - (ii) notwithstanding any provision of the documentation evidencing the Subordinated Debt and Subordinated Security, until the Senior Debt shall

have been indefeasibly paid in full, the Borrower and the Subordinated Creditors shall be required to act or refrain from acting with respect to any collateral subject to the Senior Security in any manner which would result in a Default or Event of Default under the Loan Agreement.

- (b) The Borrower hereby consents to the Lender providing to the Subordinated Creditors and the Subordinated Creditors providing to the Lender, from time to time, information and particulars relating to the Subordinated Debt and the Subordinated Security and Senior Debt and Senior Security and the performance by any or all of the Borrower of their obligations to the Subordinated Creditors and/or Senior Creditor thereunder.
- (c) All of the parties hereto hereby covenant and agree that any proceeds of insurance or expropriation received by the Borrower and/or the Creditors in respect of the collateral charged by the Subordinated Security or the Senior Security shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the relevant insured or expropriated collateral.

5. **Standstill:** Notwithstanding the terms of the Subordinated Debt and/or Subordinated Security, each Subordinated Creditor agrees that it shall not take any steps whatsoever to:

- (a) demand or enforce payment of the Subordinated Debt or enforce the Subordinated Security (including, without limitation, exercising any right of set-off, asserting any claims against any or all of the assets, property or undertaking of the Borrower, issuing demand for payment, commencing any insolvency proceedings, foreclosure, sale, power of sale, taking of possession, appointing or making application to a court for an order appointing an agent, receiver or a receiver-manager over all or any part of such assets, property or undertaking or by any other means of enforcement whatsoever);
- (b) provide notice to or otherwise require the Borrower to establish blocked accounts or enter into any blocked account agreements whether in respect of the Subordinated Debt or otherwise;
- (c) provide notice to or otherwise require the Borrower to commence or recommence the payment of principal installments owing in respect of the Subordinated Debt; or
- (d) subject to the terms of Section 13(b), assign the Subordinated Debt or the Subordinated Security in any manner whatsoever,

until the Senior Debt is fully and indefeasibly paid. Nothing in this Section 5 shall preclude the Subordinated Creditors from filing a proof of claim in connection with any bankruptcy or similar proceedings in respect of the Borrower.

6. **Lender's Rights:** Each Subordinated Creditor agrees that:

- (a) the Lender, in its sole and absolute discretion or in the sole and absolute discretion of any authorized officer or agent, and without diminishing the obligations of the Subordinated Creditors hereunder, may grant time or other indulgences to the Borrower and any other person or persons now or hereafter liable to the Lender in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Lender or any authorized officer or agent thereof may think expedient, and in no such case shall the Lender be responsible for any neglect or omission with respect to the Senior Security or any part thereof;
- (b) the Subordinated Creditors shall not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or by any failure or delay in giving any notice required under this Agreement or under the Senior Debt or Senior Security or any part thereof, the waiver by Lender of compliance with any conditions precedent to any advance of funds, or by any modification or alteration of the Senior Debt or the Senior Security or any part thereof, or by anything done, suffered or permitted by the Lender, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any assignment or other transfer of all or any part of the Senior Debt or the Senior Security or any part thereof;
- (c) the Lender shall not be bound to seek or exhaust any recourse against the Borrower or any other person or against the property or assets of the Borrower, or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the obligations of the Subordinated Creditors hereunder and the Lender may enforce the various remedies available to it and may realize upon the various security documents, guarantees and indemnities or any part thereof, held by it in such order as it may determine appropriate;
- (d) the Lender shall be entitled to increase or decrease the principal amount of the Senior Debt (but to not more than US\$2,500,000) or any interest or fees under the Loan Agreement (if agreed to by the Borrower, where required pursuant to the Loan Agreement) or otherwise amend, modify, extend, renew or restate any of the Loan Agreement and/or the Senior Security. Without limiting the generality of the foregoing, the Lender shall be entitled to advance its own monies as it sees fit in order to preserve or protect the assets of the Borrower, or any part thereof, and all such sums advanced to the extent reasonably advanced to preserve and protect the assets of the Borrower, or any part thereof, shall constitute part of the Senior Debt and shall be secured by the Senior Security; and

- (e) in addition to the foregoing, the Lender may deal with the Borrower as it sees fit in its sole and absolute discretion, provided that the notice of any material actions shall be provided to the Subordinated Creditors.

7. **Liquidation, Dissolution, Bankruptcy, etc.:** In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Borrower, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of the Borrower, or in connection with any composition with creditors or scheme of arrangement to which the Borrower is a party, the Lender shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before any of the Subordinated Creditor is entitled to receive any direct or indirect payment or distribution of any cash or other assets of the Borrower on account of Subordinated Debt, and the Lender shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Lender in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other assets, which shall be payable or deliverable upon or with respect to the Subordinated Debt. To the extent any payment of Senior Debt (whether by or on behalf of the Borrower), as proceeds of security or enforcement of any right of set-off or otherwise, is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. **Payments Received by the Subordinated Creditors:** Except as otherwise provided for herein, if, prior to the payment in full of the Senior Debt, any of the Subordinated Creditor or any person on its behalf shall receive any payment from or distribution of assets of the Borrower on account of the Subordinated Debt, then such Subordinated Creditor shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Lender and promptly pay the same over or deliver to the Lender in precisely the form received by such Subordinated Creditor or such other person on its behalf, (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Lender to the repayment of the Senior Debt in such manner as it sees fit in its sole and absolute discretion. For greater certainty, the amounts received by any of the Subordinated Creditors which are permitted under Section 3 hereof shall not be subject to this Section.

9. **Right to Cure:** The Lender agrees that it will promptly provide written notice to each of the Subordinated Creditors of any default or event of default in respect of the Loan Agreement or Senior Security within five business days of such default or event of default.

10. **No Release:** This Agreement, including but not limited to the priorities, subordination and postponements contained herein, shall remain in full force and effect without regard to, and the obligations of the Subordinated Creditors hereunder shall not be released or otherwise affected or impaired by:

- (a) any exercise or non-exercise by the Lender of any right, remedy, power or privilege in any of the credit documents entered into pursuant to the Loan Agreement (the "**Credit Documents**");
- (b) any waiver, consent, extension, indulgence or other action, inaction or omission by the Lender under or in respect of this Agreement, or any of the Credit Documents;
- (c) any default by the Borrower under, any limitation on the liability of the Borrower, or on the method or terms of payment under, or any irregularity or other defect in, any of the Credit Documents or the Senior Security;
- (d) the lack of authority or revocation thereof by any other party;
- (e) the failure of the Lender to file or enforce a claim of any kind;
- (f) any defence based upon an election of remedies by the Lender which destroys or otherwise impairs the subrogation rights of any of the Subordinated Creditors or the right of any of the Subordinated Creditors to proceed against the Borrower for reimbursement;
- (g) any merger, consolidation or amalgamation of the Borrower into or with any other person;
- (h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting any of the Subordinated Creditors or the Borrower;
- (i) default in respect of, or crystallization of any encumbrances, liens and charges under, the Senior Security;
- (j) any loan(s), advance or advances of money or money's worth made to the Borrower; or
- (k) delivery to the Borrower of any property, assets or undertaking subject to the Senior Security.

The priorities, subordination and postponements contained herein shall apply in all events and circumstances regardless of:

- (l) the date of creation, the date of grant, the date of execution, the date of attachment or the date of registration of any security interest held by the Creditors;
- (m) the date of any advance or advances made to the Borrower by the Creditors;
- (n) the date of default by the Borrower under any of the Senior Security or the Subordinated Security or the dates of crystallization of any floating charges held by the Creditors;

- (o) the date of any notice to or demand upon the Borrower or to any other person (or the failure to give any notice or demand); or
- (p) any priority granted by principle of law or any statute, including, without limitation, any personal property security, corporation securities registration or like statute.

11. **Covenants of the Borrower:**

- (a) The Borrower hereby confirms to and agrees with the Creditors that so long as the Borrower remains obligated or indebted to the Creditors, they shall hold and deal with their assets, property and undertaking for the Creditors in accordance with their respective interests and priorities under this Agreement and in accordance with the respective security agreements entered into between the Borrower and the Creditors.
- (b) The Borrower hereby agrees to deliver to each Subordinated Creditor, within 15 days from the last day of each calendar month, a cash flow statement showing how the proceeds of the Senior Debt have been used by the Borrower in the preceding calendar month.

12. **No Borrower Rights:** Nothing contained in this Agreement shall confer any rights or benefits of any kind whatsoever upon the Borrower, or any person who is not a party to this Agreement, or as modifying another agreement between the Creditors and the Borrower, and the Borrower shall not be entitled to enforce any provision of this Agreement.

13. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable to give full effect to the provisions of this Agreement, in accordance with the intent of this Agreement.

14. **Successors and Assigns:**

- (a) This Agreement is binding upon each of the Lender, the Subordinated Creditors and the Borrower and their respective successors and permitted assigns and, subject to subsection 14(b) below, shall enure to the benefit of each of the Lender, the Subordinated Creditors and the Borrower and their respective successors and permitted assigns, as applicable.
- (b) None of the Subordinated Creditors shall be entitled to sell, assign, transfer or encumber all or any part of its rights and obligations under this Agreement or in respect of the Subordinated Debt and Subordinated Security unless, prior to entering into such sale, assignment or transfer, the proposed assignee or transferee, as applicable, enters into a written agreement with the Lender pursuant to which the proposed assignee or transferee, as applicable, agrees to be bound by the terms hereof in effect as of the date of such sale, assignment or transfer.
- (c) Except in accordance with Subsections 14(a) and 14(b) hereof, third parties shall have no rights or benefits under this Agreement.

15. **Notice:** Any notice or written communication given pursuant to or in connection with this Agreement shall be in writing and shall be given by delivering the same personally or by prepaid courier, pre-paid registered mail or email, addressed to the party to be notified, at the address of such party set out below, or at such other address of which such party has given notice to the other parties hereto. Any such notice shall be conclusively deemed to have been given and received on the actual date of receipt by the addressee or, if given by pre-paid registered mail, on the fifth day following the mailing date (absent a general disruption in postal service).

(i) To the Lender at:

1262743 B.C. Ltd.
3907 1788 Gilmore Avenue
Burnaby British Columbia
V5C 0L5

Attention: Scott Larson
Email: slarson@intllaunch.com

- and -

(ii) To the Subordinated Creditors at such address set out in their respective Subordinated Loan Documents:

(iii) To the Borrower at:

UrtheCast Corp.
1055 Canada Place, Unit 33
Vancouver, British Columbia
V6C 0C3

Attention: Sai Chu
Email: schu@urthecast.com

16. **Continuing Agreement:** This Agreement shall constitute a continuing agreement, notwithstanding that the Borrower may not be indebted to the Creditors at any time. The Lender and the Subordinated Creditors may lend money, extend credit and make other financial accommodations to or for the account of the Borrower on the faith hereof. Each Subordinated Creditor hereby covenants and agrees that it shall not be permitted to revise, replace, amend or supplement the security granted by the Borrower in its favour, nor shall it be permitted to acquire additional encumbrances upon any assets, property or undertaking of the Borrower or of any or all of the other parties to the Loan Agreement (now or hereafter acquired) without the prior written consent of the Lender. Nothing herein shall restrict the Lender from revising, replacing, amending or supplementing the security in its favour, or acquiring additional encumbrances upon any assets, property or undertaking of the Borrower (now or hereafter acquired), provided that all such securities and encumbrances shall be held and dealt with in accordance with the provisions herein.

This Agreement shall continue in force until terminated by the mutual consent in writing of parties hereto or until either Creditor has discharged all of the security in its favour granted by the Borrower.

17. **Consent to Amend:** Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated except by instrument in writing, signed by the parties or by the party against whom enforcement of the change, waiver, discharge or termination is sought. Notwithstanding the foregoing, no consent of any of the Borrower shall be necessary to any amendment to the terms hereof by the Creditors unless the interests of the Borrower are directly affected thereby.

18. **Severability:** Any provision of this Agreement which is invalid or unenforceable under the laws of any jurisdiction in which this Agreement is sought to be enforced shall, as to such jurisdiction, and to the extent such provision is invalid or unenforceable, be deemed severable and shall not affect any other provision of this Agreement.

19. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the province of British Columbia and the federal laws of Canada applicable therein.

20. **Attornment:** The parties hereto irrevocably consent and submit to the non-exclusive jurisdiction of the Supreme Court of British Columbia and waive any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement or in any way connected with or related or incidental to the dealings of the parties herein in respect of this Agreement or the transactions related hereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that the Lender shall have the right to bring any action or proceeding against the Borrower or their property in the courts of any other jurisdiction which the Lender deems necessary or appropriate in order to realize on the collateral or to otherwise enforce its rights against the Borrower or its property).

21. **Acknowledgement:** Each Subordinated Creditor and the Borrower hereby acknowledge receipt of a copy of this agreement and accept and further agree with the Lender to give effect to all of the provisions of this Agreement.

22. **Registration of Financing Statements:** Each Subordinated Creditor and the Borrower hereby authorize the Lender to file such financing statements (the “**Financing Statement**”) in respect of the postponement and subordination contained herein. Each Subordinated Creditor and the Borrower hereby irrevocably constitute and appoint any officer or manager from time to time of the Lender to be the true and lawful attorney of the Subordinated Creditors and the Borrower, with full power of substitution and delegation, to file such Financing Statements in the name of the Subordinated Creditors and/or the Borrower.

23. **Termination:** This Agreement shall terminate upon the full and indefeasible repayment in full of the Senior Debt.

24. **Independent Legal Advice:** Each of the parties hereto acknowledges, confirms and agrees that it has had the opportunity to seek and was not prevented or discouraged by any party hereto from seeking independent legal advice prior to the execution and delivery of this Agreement and that, in the event that any party did not avail itself with that opportunity prior to signing this Agreement, such party did so voluntarily without any undue pressure and agrees that such party's failure to obtain independent legal advice shall not be used by him/it as a defence to the enforcement of his/her/its obligations under this Agreement.

25. **Counterparts:** This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of
the date first written above.

Subordinated Creditors

1249836 B.C. Ltd.

By: _____

Name: Rick CHRISTMANSE
Title: CCO

BOLZANO INVESTMENTS LIMITED

By: _____

Name: _____
Title: _____

LUNAR VENTURES INC.

By: _____

Name: _____
Title: _____

SMF INVESTMENTS LIMITED

By: _____

Name: _____
Title: _____

1194249 B.C. Ltd.

By: _____

Name: _____
Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

Subordinated Creditors

1249836 B.C. Ltd.

By: _____
 Name: _____
 Title: _____

BOLZANO INVESTMENTS LIMITED

By: A. Arz
 Name: ANTHONY ARZ
 Title: DIRECTOR

LUNAR VENTURES INC.

By: _____
 Name: _____
 Title: _____

SMF INVESTMENTS LIMITED

By: BS
 Name: BERT ARMITAGE
 Title: DIRECTOR

1194249 B.C. Ltd.

By: _____
 Name: _____
 Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

Subordinated Creditors

1249836 B.C. Ltd.

By: _____

Name: _____

Title: _____

BOLZANO INVESMENTS LIMITED

By: _____

Name: _____

Title: _____

LUNAR VENTURES INC.

By: _____

Name: Serco Management Limited

Title: Sole Director

SMF INVESTMENTS LIMITED

By: _____

Name: _____

Title: _____

1194249 B.C. Ltd.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

Subordinated Creditors

1249836 B.C. Ltd.

By: _____
Name: _____
Title: _____

BOLZANO INVESTMENTS LIMITED

By: _____
Name: _____
Title: _____

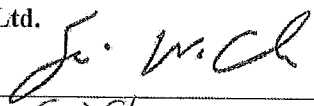
LUNAR VENTURES INC.

By: _____
Name: _____
Title: _____

SMF INVESTMENTS LIMITED

By: _____
Name: _____
Title: _____

1194249 B.C. Ltd.

By:  _____
Name: Sai Cha
Title: Director

Senior Creditor

1262743 B.C. LTD.

By: _____
Name:
Title:

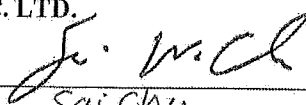
Borrower

1185781 B.C. LTD.

By:

Name:

Title:


Sai Chu

Director

Schedule A

Subordinated Debt Documents

Loan Agreements

1. Term Note of 1185781 B.C. Ltd. dated July 24, 2019 in favour of Lunar Ventures Inc.
2. Amended and Restated Term Note of 1185781 B.C. Ltd. dated July 24, 2019 in favour of Bolzano Investments Limited
3. Second Amended and Restated Term Note of 1185781 B.C. Ltd. dated January 15, 2020 in favour of Bolzano Investments Limited
4. Second Amended and Restated Term Note of 1185781 B.C. Ltd. dated January 15, 2020 in favour of Refresh Capital Corp., as ultimately assigned to 1249836 B.C. Ltd.
5. Convertible Debenture of UrtheCast dated May 25, 2018 issued to SMF Investments Limited

Guarantees

6. Guarantee of 1185781 B.C. Ltd. dated [●] in favour SMF Investments Limited

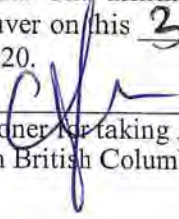
General Security Agreements

7. Amended and Restated General Security and Pledge Agreement of 1185781 B.C. Ltd. dated July 24, 2019 in favour of Bolzano Investments Limited and Lunar Ventures Inc.
8. General Security and Pledge Agreement of 1185781 B.C. Ltd. dated January 14, 2019 in favour of Bolzano Investments Limited and 1112099 B.C. Ltd., as ultimately assigned to 1249836 BC Ltd.
9. General Security and Pledge Agreement of 1185781 B.C. Ltd. dated [●] in favour of SMF Investments Limited

Participation Agreement

10. Participation Agreement dated January 30, 2019 between Bolzano Investments Limited and 1194249 B.C. Ltd., as agent for certain Subordinated Creditors

This is **Exhibit “N”** referred to in the Affidavit of Sai Chu, affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia

LETTER AGREEMENT

August 27, 2020

1262743 B.C. Ltd.
 3907 1788 Gilmore Avenue
 Burnaby British Columbia
 V5C 0L5

Attention: Scott Larson

Ladies and Gentlemen:

Reference is made to the secured term note dated August 27, 2020 pursuant to which 1262743 B.C. Ltd. (the "**Lender**") agreed to advance the principal sum of up to US\$1,000,000 (the "**Loan**") to 1185781 B.C. Ltd. (the "**Borrower**"), an indirect subsidiary of the undersigned.

In consideration of the Loan and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees as follows:

1. The undersigned agrees that, in connection with an application by the undersigned to the British Columbia Supreme Court for protection under the *Companies' Creditors Arrangement Act* (the "**CCAA Application**"), the undersigned will use commercially reasonable efforts to obtain a court order for interim financing (the "**DIP Financing**"), secured by a first priority charge over the assets of the undersigned and its relevant subsidiaries and affiliates, which DIP Financing would be used by undersigned to refinance the Loan.
2. The undersigned acknowledges that, following the Application, the Lender proposes to submit a "stalking-horse" bid of US\$10,000 per camera for each of the Borrower's two cameras on the International Space Station and the Borrower agrees to cooperate with the Lender in respect of such bids, including seeking approval of the British Columbia Supreme Court to carry out the terms of the "stalking-horse" bid in connection with the CCAA Application on terms customary to such proceedings.
3. For as long as any amounts are outstanding under the Loan or the DIP Financing, the undersigned agrees that it will not terminate any of Don Osborne, Sai Chu, Wade Larson, David Gebhardt, George Tyc, Peter Duggan, Neil Allyn or Christopher Rampersad without cause, without the approval of the Lender.
4. For as long as any amounts are outstanding under the Loan or the DIP Financing, the Lender will be entitled to appoint one nominee to act as an observer at meetings of the board of directors of the undersigned.
5. No term or provision hereof may be amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of the amendment, discharge or termination is sought.
6. This letter agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

7. Neither the Lender nor the undersigned may assign or transfer this letter agreement or any interest herein without the prior written consent of the other party.
8. This letter agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
9. This letter agreement may be signed in one or more counterparts, each of which once signed will be deemed to be an original. All such counterparts together will constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart will be deemed to bear the effective date first written above. This letter agreement, any and all agreements and instruments executed and delivered in accordance herewith, along with any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or other means of electronic transmission, will be treated in all manner and respects and for all purposes as an original signature, agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

[remainder left intentionally blank]

If you are in agreement with the foregoing, kindly sign and return to us the enclosed copy of this letter agreement.

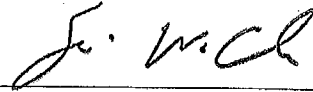
Very truly yours,

URTHECAST CORP.

Per:

Name:

Title:



c/s

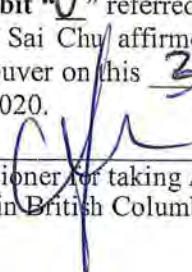
Sai W. Chu

Chief Financial Officer

Agreed to and accepted on this ____ day of _____, 2020 by 1262743 B.C. Ltd.

Per: _____ c/s
Name:
Title:

This is **Exhibit "Q"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.


A Commissioner for taking Affidavits
within British Columbia

Ex 19 PPRSSearchResult.TXT

Page: 1

BC OnLine: PPRS SEARCH RESULT 2020/08/28
 Lterm: XPSP0050 For: PM40042 BENNETT JONES LLP 14:18:59

Index: BUSINESS DEBTOR

Search Criteria: URTHECAST CORP

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: JAN 15, 2014

Reg. Length: 5 YEARS

Reg. Time: 07:37:19

Expiry Date: JAN 15, 2024

Base Reg. #: 753953H

Control #: D2212010

*** Expiry date includes subsequent registered renewal(s).

Block#

S0001 Secured Party: ROYAL BANK OF CANADA
 36 YORK MILLS ROAD 4TH FLR
 TORONTO ON M2P 0A4

=D0001 Base Debtor: URTHECAST CORP.
 (Business) 1055 CANADA PLACE SUITE 33
 VANCOUVER BC V6C 0C3

General Collateral:

MONEYS OR AMOUNTS THAT MAY FROM TIME TO TIME BE ON DEPOSIT
 IN THE NAME OF DEBTOR WITH OR OWED TO DEBTOR BY SECURED
 PARTY, ROYAL BANK MORTGAGE CORPORATION, THE ROYAL TRUST
 COMPANY OR ROYAL TRUST CORPORATION OF CANADA OR ANY TWO OR
 MORE OF THEM, AND IN THE DEBTOR'S RIGHTS IN THOSE MONEYS OR
 THOSE AMOUNTS.

PROCEEDS: ALL PROCEEDS INCLUDING, WITHOUT LIMITATION,
 GOODS (INCLUDING INVENTORY AND EQUIPMENT (EQUIPMENT
 INCLUDES, WITHOUT LIMITATION, MACHINERY, TOOLS, APPARATUS,
 PLANT, FURNITURE, FIXTURES, AIRCRAFT AND VEHICLES OF
 WHATSOEVER NATURE AND KIND) BUT EXCLUDING CONSUMER GOODS),
 MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS AND
 SECURITIES.

Registering

Party: ROYAL BANK OF CANADA
 36 YORK MILLS ROAD 4TH FLR
 TORONTO ON M2P 0A4

----- R E N E W A L -----

Reg. #: 211553L
 Reg. Life: 5 YEARS

Reg. Date: DEC 14, 2018
 Reg. Time: 08:16:07

Ex 19 PPRSSearchResult.TXT

Control #: D5744158

Base Reg. Type: PPSA SECURITY AGREEMENT

Base Reg. #: 753953H

Base Reg. Date: JAN 15, 2014

Registering

Party: D & H LIMITED PARTNERSHIP

4126 NORLAND AVENUE, SUITE 201

BURNABY BC V5G 3S8

Continued on Page 2

Search Criteria: URTHECAST CORP

Page: 2

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: SEP 26, 2014

Reg. Length: 5 YEARS

Reg. Time: 10:40:34

Expiry Date: SEP 26, 2024

Base Reg. #: 201833I

Control #: D2664515

*** Expiry date includes subsequent registered renewal(s).

Block#

S0001 Secured Party: EXPORT DEVELOPMENT CANADA
 150 SLATER STREET
 OTTAWA ON K1A 1K3

=D0001 Base Debtor: URTHECAST CORP
 (Business) 33 - 1055 CANADA PLACE
 VANCOUVER BC V6C 0C3

General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY,
 INCLUDING WITHOUT LIMITATION FIXTURES, AND AN UNCRYSTALLIZED
 FLOATING CHARGE ON LAND (AND TERMS USED HEREIN THAT ARE DEFINED IN
 THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE
 REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS)

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
 SUITE 2900, 550 BURNARD STREET
 VANCOUVER BC V6C 0A3

Page 2

Ex 19 PPRSSearchResult.TXT

----- R E N E W A L -----

Reg. #: 618716L Reg. Date: JUL 08, 2019
 Reg. Life: 5 YEARS Reg. Time: 06:02:19
 Control #: D6159021
 Base Reg. Type: PPSA SECURITY AGREEMENT
 Base Reg. #: 201833I Base Reg. Date: SEP 26, 2014

Registering

Party: JCLD ONLINE TECHNOLOGIES
 16-1375 SOUTHDOWN ROAD STE 322
 MISSISSAUGA ON L5J 2Z1

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAR 08, 2019 Reg. Length: 5 YEARS
 Reg. Time: 10:52:44 Expiry Date: MAR 08, 2024
 Base Reg. #: 359488L Control #: D5894853

Block#

S0001 Secured Party: W0-C2F0 SPV, LLC
 PO BOX 1486
 BOCA RATON FL 33429

=D0001 Base Debtor: URTHECAST CORP
 (Business) #33 - 1055 CANADA PLACE
 VANCOUVER BC V6C 0C3

Continued on Page 3

Search Criteria: URTHECAST CORP

Page: 3

General Collateral:

ALL PRESENT AND AFTER-ACQUIRED ACCOUNTS, DEBTS, INTANGIBLES,
 CHATTEL PAPER, CHOSSES IN ACTION, BOOK DEBTS, CONTRACTUAL RIGHTS,
 INSURANCE CLAIMS RELATING TO GOODS, MONIES, INSTRUMENTS,
 PAYMENTS, BILLS OF EXCHANGE, PROMISSORY NOTES, CHEQUES, DRAFTS,
 OR OTHER INSTRUMENTS THAT NOW OR MAY AT ANY TIME BE DUE OR
 OWING TO THE DEBTOR BY CERTAIN CREDITORS, OR THAT ARE TAKEN OR
 HELD BY THE DEBTOR OR ANYONE ON BEHALF OF THE DEBTOR IN RESPECT
 OF THE ABOVE DESCRIBED PERSONAL PROPERTY AND ALSO ALL BOOKS

Party: FARRIS VAUGHAN WILLS & MURPHY LLP
25TH FLOOR 700 WEST GEORGIA ST
VANCOUVER BC V7Y 1B3

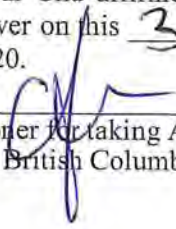
Party: FARRIS LLP
25TH FLOOR 700 WEST GEORGIA ST
VANCOUVER BC V7Y 1B3

Base Reg. Date: MAR 08, 2019

Party: FARRIS LLP
25TH FLOOR 700 WEST GEORGIA ST
VANCOUVER BC V7Y 1B3

Page 4

This is **Exhibit “P”** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harpher/JS
Search ID : 780119
Date Processed : 8/31/2020 8:54:34 AM
Report Type : PPSA Electronic Response
Search Conducted on : URTHECAST CORP.
Search Type : Business Debtor

DISCLAIMER :

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: URTHECAST CORP.

FILE CURRENCY: August 30, 2020

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: URTHECAST CORP.

FILE CURRENCY: August 30, 2020

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : URTHECAST CORP.

00 FILE NUMBER : 700184412 EXPIRY DATE : 26SEP 2024 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
 REG NUM : 20140926 1526 1590 0954 REG TYP: P PPSA REG PERIOD: 5
 02 IND DOB : IND NAME:
 03 BUS NAME: URTHECAST CORP.
 OCN :
 04 ADDRESS : 33-1055 CANADA PLACE
 CITY : VANCOUVER PROV: BC POSTAL CODE: V6C 0C3
 05 IND DOB : IND NAME:
 06 BUS NAME:
 OCN :
 07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 EXPORT DEVELOPMENT CANADA
 09 ADDRESS : 150 SLATER STREET
 CITY : OTTAWA PROV: ON POSTAL CODE: K1A 1K3
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X X X X X
 YEAR MAKE MODEL V.I.N.

11
 12
 GENERAL COLLATERAL DESCRIPTION

13
 14
 15
 16 AGENT: FASKEN MARTINEAU DUMOULIN LLP (SDR) (TMM)
 17 ADDRESS : BAY ADELAIDE CENTRE, BOX 20
 CITY : TORONTO PROV: ON POSTAL CODE: M5H 2T6

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: URTHECAST CORP.

FILE CURRENCY: August 30, 2020

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : URTHECAST CORP.

FILE NUMBER 700184412

PAGE TOT REGISTRATION NUM REG TYPE
 01 CAUTION : 001 OF 001 MV SCHED: 20190614 0803 1862 1444
 21 REFERENCE FILE NUMBER : 700184412
 22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
 23 REFERENCE DEBTOR/ IND NAME:
 24 TRANSFEROR: BUS NAME: URTHECAST CORP.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

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

10

11

12

13

14

15

16 NAME : EXPORT DEVELOPMENT CANADA

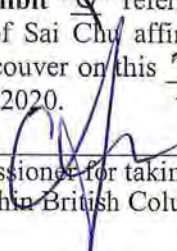
17 ADDRESS : 150 SLATER STREET

CITY : OTTAWA PROV : ON POSTAL CODE : K1A 1K3

LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

This is **Exhibit "Q"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia

Page: 1

BC OnLine: PPRS SEARCH RESULT 2020/08/31
Lterm: XPSP0050 For: PD47421 BENNETT JONES LLP 08:19:53

Attn./Ref. No.: DL / 74202.158

Index: BUSINESS DEBTOR

Search Criteria: GEOSYS TECHNOLOGY HOLDING, INC.

No registered liens or encumbrances have been found on file that match to the search criteria listed above.

Some, but not all, tax liens and other Crown claims are registered at the Personal Property Registry (PPR) and if registered, will be displayed on this search result. HOWEVER, it is possible that a particular chattel is subject to a Crown claim that is not registered at the PPR. Please consult the Miscellaneous Registrations Act, 1992 for more details. If you are concerned that a particular chattel may be subject to a Crown claim not registered at the PPR, please consult the agency administering the type of Crown claim.

[illegible]

Page: 1

BC OnLine: PPRS SEARCH RESULT 2020/08/31
Lterm: XPSP0050 For: PD47421 BENNETT JONES LLP 08:18:23

Attn./Ref. No.: DL / 74202.158

Index: BUSINESS DEBTOR

Search Criteria: GEOSYS HOLDING, INC.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been selected by the searching party.

Some, but not all, tax liens and other Crown claims are registered at the Personal Property Registry (PPR) and if registered, will be displayed on this search result. HOWEVER, it is possible that a particular chattel is subject to a Crown claim that is not registered at the PPR. Please consult the Miscellaneous Registrations Act, 1992 for more details. If you are concerned that a particular chattel may be subject to a Crown claim not registered at the PPR, please consult the agency administering the type of Crown claim.

[illegible]

Page: 1

BC OnLine: PPRS SEARCH RESULT
Lterm: XPSP0050 For: PD47421 BENNETT JONES LLP

2020/08/31
08:21:33

Attn./Ref. No.: DL / 74202.158

Index: BUSINESS DEBTOR

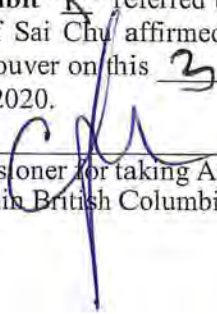
Search Criteria: EARTH VIDEO CAMERA INC.

No registered liens or encumbrances have been found on file that match to the search criteria listed above.

Some, but not all, tax liens and other Crown claims are registered at the Personal Property Registry (PPR) and if registered, will be displayed on this search result. HOWEVER, it is possible that a particular chattel is subject to a Crown claim that is not registered at the PPR. Please consult the Miscellaneous Registrations Act, 1992 for more details. If you are concerned that a particular chattel may be subject to a Crown claim not registered at the PPR, please consult the agency administering the type of Crown claim.

[illegible]

This is **Exhibit "R"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.


A Commissioner for taking Affidavits
within British Columbia



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for :	ONCORP - BENNETT JONES LLP - JANE S.
Reference :	74202.158
Docket :	S.Harper/JS
Search ID :	780213
Date Processed :	8/31/2020 12:36:47 PM
Report Type :	PPSA Electronic Response
Search Conducted on :	Geosys Technology Holding, Inc.
Search Type :	Business Debtor

DISCLAIMER :

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Geosys Technology Holding, Inc.

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

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INTERPRETATION AND USE THAT ARE MADE OF IT.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harper/JS
Search ID : 780212
Date Processed : 8/31/2020 12:36:46 PM
Report Type : PPSA Electronic Response
Search Conducted on : GEOSYS HOLDING, INC.
Search Type : Business Debtor

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: GEOSYS HOLDING, INC.

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

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PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harper/JS
Search ID : 780214
Date Processed : 8/31/2020 12:36:47 PM
Report Type : PPSA Electronic Response
Search Conducted on : EARTH VIDEO CAMERA INC.
Search Type : Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: EARTH VIDEO CAMERA INC.

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
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INTERPRETATION AND USE THAT ARE MADE OF IT.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harpher/JS
Search ID : 780120
Date Processed : 8/31/2020 8:54:34 AM
Report Type : PPSA Electronic Response
Search Conducted on : URTHECAST USA INC.
Search Type : Business Debtor

DISCLAIMER :

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: URTHECAST USA INC.

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harpher/JS
Search ID : 780120
Date Processed : 8/31/2020 8:54:34 AM
Report Type : PPSA Electronic Response
Search Conducted on : URTHECAST USA INC.
Search Type : Business Debtor

DISCLAIMER :

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: URTHECAST USA INC.

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
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PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harpher/JS
Search ID : 780118
Date Processed : 8/31/2020 8:54:33 AM
Report Type : PPSA Electronic Response
Search Conducted on : GEOSYS HOLDING, ULC
Search Type : Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: GEOSYS HOLDING, ULC

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : ONCORP - BENNETT JONES LLP - JANE S.
Reference : 74202.158
Docket : S.Harpher/JS
Search ID : 780117
Date Processed : 8/31/2020 8:54:33 AM
Report Type : PPSA Electronic Response
Search Conducted on : 1185781 B.C. LTD.
Search Type : Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 1185781 B.C. LTD.

FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for :	ONCORP - BENNETT JONES LLP - JANE S.
Reference :	74202.158
Docket :	S.Harpher/JS
Search ID :	780116
Date Processed :	8/31/2020 8:54:32 AM
Report Type :	PPSA Electronic Response
Search Conducted on :	1185729 B.C. LTD.
Search Type :	Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 1185729 B.C. LTD.

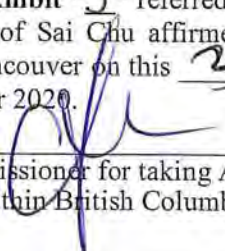
FILE CURRENCY: August 30, 2020

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

This is **Exhibit "S"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.



A Commissioner for taking Affidavits
within British Columbia

Confirmation Letter / Lettre de confirmation**Teranet Collateral Management Solutions Corporation / Teranet Solutions de gestion des garanties**

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

2020/08/31 01:28:44 PM PDT

Dye & Durham Corporation
130 King Street West, Suite 501
Toronto, Ontario
M5X 1E4

Ref / Objet: 04823667

Tel/Tél: 1-416-964-2677
Fax/Télécopie: 1-416-923-1077
e-Mail/Courriel:

Acct#: 7129

Dear Sir / Madam

Monsieur / Madame

Re: Bank Act Security - Section 427

Objet: Garanties données en vertu de la *Loi sur les banques* - article 427

We have processed your request(s) and hereby confirm the following results: (*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (* voir ci-dessous).

REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of British Columbia. As at the date and time above, our records indicate the following.

REFERENCE

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Colombie-Britannique. À la date et à l'heure indiquées ci-dessus.

Your search for the company

1185729 B.C. LTD.

Votre recherche pour la société

1185729 B.C. LTD.

returns the following results:**révèle les résultats suivants:**

Type	Registration Name Enregistrement au nom de	Address Adresse	Date	Number Numéro	Bank Banque
(2)	No matches were found / Aucune donnée correspondante au registre				



For Registrar / Pour le Régistrare

We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type	Fee Tarif	GST/HST TPS/TVH	Qty Qté	TOTAL	Receipt No. Numéro du reçu
(2)	\$14.00	\$0.30	1	\$14.30	04823667 - R-R-SN-W
				\$14.30	

GST-HST / TPS-TVH #: 713 901 494 RT0001

Confirmation Letter / Lettre de confirmation**Teranet Collateral Management Solutions Corporation / Teranet Solutions de gestion des garanties**

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

2020/08/31 01:28:24 PM PDT

Dye & Durham Corporation
 130 King Street West, Suite 501
 Toronto, Ontario
 M5X 1E4

Ref / Objet: 04823666

Tel/Tél: 1-416-964-2677

Fax/Télécopie: 1-416-923-1077

e-Mail/Courriel:

Acct#: 7129

Dear Sir / Madam

Monsieur / Madame

Re: Bank Act Security - Section 427

Objet: Garanties données en vertu de la *Loi sur les banques* - article 427

We have processed your request(s) and hereby confirm the following results: (*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (* voir ci-dessous).

REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of British Columbia. As at the date and time above, our records indicate the following.

REFERENCE

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Colombie-Britannique. À la date et à l'heure indiquées ci-dessus.

Your search for the company

GEOSYS HOLDING, ULC

Votre recherche pour la société

GEOSYS HOLDING, ULC

returns the following results:**révèle les résultats suivants:**

Type	Registration Name Enregistrement au nom de	Address Adresse	Date	Number Numéro	Bank Banque
(2)	No matches were found / Aucune donnée correspondante au registre				



For Registrar / Pour le Régistrare

We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type	Fee Tarif	GST/HST TPS/TVH	Qty Qté	TOTAL	Receipt No. Numéro du reçu
(2)	\$14.00	\$0.30	1	\$14.30	04823666 - R-R-SN-W
				\$14.30	

GST-HST / TPS-TVH #: 713 901 494 RT0001

Confirmation Letter / Lettre de confirmation**Teranet Collateral Management Solutions Corporation / Teranet Solutions de gestion des garanties**

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

2020/08/31 01:28:08 PM PDT

Dye & Durham Corporation
130 King Street West, Suite 501
Toronto, Ontario
M5X 1E4

Ref / Objet: 04823665

Tel/Tél: 1-416-964-2677
Fax/Télécopie: 1-416-923-1077
e-Mail/Courriel:

Acct#: 7129

Dear Sir / Madam

Monsieur / Madame

Re: Bank Act Security - Section 427

Objet: Garanties données en vertu de la *Loi sur les banques* - article 427

We have processed your request(s) and hereby confirm the following results: (*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (* voir ci-dessous).

REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of British Columbia. As at the date and time above, our records indicate the following.

REFERENCE

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Colombie-Britannique. À la date et à l'heure indiquées ci-dessus.

Your search for the company**Votre recherche pour la société**

1185781 B.C. LTD.

1185781 B.C. LTD.

returns the following results:**révèle les résultats suivants:**

Type	Registration Name Enregistrement au nom de	Address Adresse	Date	Number Numéro	Bank Banque
(2)	No matches were found / Aucune donnée correspondante au registre				



For Registrar / Pour le Régistraire

We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type	Fee Tarif	GST/HST TPS/TVH	Qty Qté	TOTAL	Receipt No. Numéro du reçu
(2)	\$14.00	\$0.30	1	\$14.30	04823665 - R-R-SN-W
				\$14.30	

GST-HST / TPS-TVH #: 713 901 494 RT0001

Confirmation Letter / Lettre de confirmation**Teranet Collateral Management Solutions Corporation / Teranet Solutions de gestion des garanties**

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

2020/08/31 01:26:13 PM PDT

Dye & Durham Corporation
130 King Street West, Suite 501
Toronto, Ontario
M5X 1E4

Ref / Objet: 04823664

Tel/Tél: 1-416-964-2677
Fax/Télécopie: 1-416-923-1077
e-Mail/Courriel:

Acct#: 7129

Dear Sir / Madam

Monsieur / Madame

Re: Bank Act Security - Section 427

Objet: Garanties données en vertu de la *Loi sur les banques* - article 427

We have processed your request(s) and hereby confirm the following results: (*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (* voir ci-dessous).

REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of Ontario. As at the date and time above, our records indicate the following.

REFERENCE

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Ontario. À la date et à l'heure indiquées ci-dessus.

Your search for the company**Votre recherche pour la société**

URTHECAST CORP.

URTHECAST CORP.

returns the following results:

révèle les résultats suivants:

Type	Registration Name Enregistrement au nom de	Address Adresse	Date	Number Numéro	Bank Banque
(2)	No matches were found / Aucune donnée correspondante au registre				



For Registrar / Pour le Régistrare

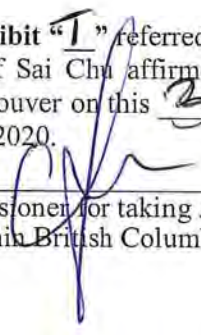
We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type	Fee Tarif	GST/HST TPS/TVH	Qty Qté	TOTAL	Receipt No. Numéro du reçu
(2)	\$14.00	\$0.78	1	\$14.78	04823664 - R-R-SN-W
				\$14.78	

GST-HST / TPS-TVH #: 713 901 494 RT0001

This is **Exhibit "1"** referred to in the Affidavit of Sai Chu affirmed before me at Vancouver on this 3 day of September 2020.


A Commissioner for taking Affidavits
within British Columbia

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

– AND –

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
URTHECAST CORP., URTHECAST INTERNATIONAL CORP., URTHECAST USA INC,
1185729 B.C. LTD. AND THOSE OTHER PETITIONERS SET OUT ON THE ATTACHED
SCHEDULE "A"

PETITIONERS

CONSENT TO ACT AS MONITOR

Ernst & Young Inc. hereby consents to act as court-appointed monitor in these proceedings of URTHECAST CORP., URTHECAST INTERNATIONAL CORP., URTHECAST USA INC, 1185729 B.C. LTD. AND THOSE OTHER PETITIONERS SET OUT ON THE ATTACHED SCHEDULE "A", if so appointed by this Honourable Court.

DATED at the City of Vancouver, in the Province of British Columbia this 2nd day of September, 2020.

ERNST & YOUNG INC.

Per:

A handwritten signature in dark ink, appearing to be 'Michael Bell', written over a horizontal line.

Name: Michael Bell

Title: Senior Vice President