

Court File No.: _____

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

**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 OR ARRANGEMENT OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

Applicants

APPLICATION RECORD

May 17, 2021

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CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

Applicants

SERVICE LIST

As at May 17, 2021	
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<p>MNP LTD. 1 Dundas Street West Suite 2500 Toronto, ON M5G 1Z3</p> <p><i>The Proposed Monitor</i></p>	<p>Rob Smith rob.smith@mnp.ca</p>
<p>FORD CREDIT CANADA COMPANY 17187 114 Ave, NW Edmonton, AB T5J 5C7</p> <p><i>Secured Party</i></p>	

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TAB 1

Court File No.: _____

**ONTARIO
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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Applicants

NOTICE OF APPLICATION

TO THE RESPONDENT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on May 20, 2021 at 2:00 p.m. via videoconference due to the COVID-19 pandemic. Please refer to the videoconference details attached as Schedule "A" hereto in order to attend the application and advise if you intend to join the application by emailing Joshua Foster at fosterj@bennettjones.com.

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

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: May 17, 2021

Issued by:

Local Registrar

Address of court office: 330 University Avenue, 9th Floor
Toronto, ON M5G 1R7

TO: THE ATTACHED SERVICE LIST

APPLICATION

THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") substantially in the form attached as Tab 3 of this Application Record (the "**Initial Order**"), *inter alia*:

- (a) abridging the time for service and filing of this Notice of Application and the Application Record and dispensing with further service thereof;
- (b) declaring that Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. ("**Forbes**", and together with Clearbeach, the "**Applicants**") are parties to which the CCAA applies;
- (c) taking up and continuing the proposal proceedings (the "**Proposal Proceedings**") commenced by Clearbeach and Forbes under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), under the CCAA, and declaring that the BIA's proposal provisions shall have no further application to the Applicants;
- (d) appointing MNP Ltd. ("**MNP**" or the "**Proposed Monitor**") as an officer of this Honourable Court to monitor the assets, business, and affairs of the Applicants (as appointed, the "**Monitor**");
- (e) staying, for an initial period of not more than ten (10) days (the "**Stay of Proceedings**"), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor, or the Directors and Officers (as defined in the

Initial Order) or affecting the Applicants' business or the Property (as defined below), except with the written consent of the Applicant and the Monitor, or with leave of this Honourable Court;

- (f) approving the First Report of Richter Advisory Group Inc. ("**Richter**") in its capacity as proposal trustee in the Proposal Proceedings dated December 11, 2020, the Supplement to the First Report of Richter dated December 16, 2020, and the activities of Richter described therein;
- (g) sealing the confidential appendices to the Pre-Filing Report of the Proposed Monitor, to be filed; and
- (h) granting the following charges (together, the "**Charges**") over the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively, the "**Property**"):
 - (i) an Administration Charge (as defined in the Initial Order) up to a maximum amount of \$100,000; and
 - (ii) a Directors' Charge (as defined in the Initial Order) up to a maximum amount of \$100,000;

2. An order substantially in the form attached as Tab 5 of this Application Record (the "**Settlement Approval Order**") approving the terms of settlement as set out in the Settlement Agreement (the "**Settlement Agreement**") among the Applicants, PACE Savings & Credit Union Limited ("**Pace**"), Oil Patch Services Inc., Jarvis Holdings Inc., 1782767 Ontario Inc., Brookwood

Resources Inc., Peter Budd, Lagasco Inc. and Jane Lowrie (collectively, the “**Settlement Parties**”), and sealing the unredacted Settlement Agreement; and

3. Such further and other relief as this Honourable Court may deem just;

THE GROUNDS FOR THIS APPLICATION ARE:

General

- (a) Clearbeach and Forbes are privately-owned, affiliated companies incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16;
- (b) the Applicants are insolvent and are companies to which the CCAA applies;
- (c) the current and contingent claims against the Applicants exceed CDN\$5 million;
- (d) the Applicants operate in Ontario’s oil and natural gas sector. As the Applicants’ operating company, Clearbeach is involved in the exploration, development and production of oil and gas deposits in Ontario;
- (e) due to poor financial performance and liquidity issues caused by, among other things, decreasing commodity prices and significant environmental obligations, the Applicants have been unable to meet their ordinary course obligations;
- (f) facing a severe liquidity crisis and enforcement action taken by their senior secured creditor, Pace, the Applicants commenced the Proposal Proceedings under the BIA;
- (g) the time for filing a proposal in the Proposal Proceedings has elapsed and no proposal has been filed. Absent several stays of proceedings (together, the “**NOI**

Stay”) afforded to Clearbeach and Forbes in the Proposal Proceedings by this Honourable Court, the Applicants would be deemed bankrupt;

- (h) the Applicants are seeking to stabilize their business and ensure that Clearbeach’s significant environmental and stewardship obligations are satisfied by continuing the Proposal Proceedings under the CCAA;
- (i) MNP has consented to act as Monitor in the CCAA proceedings pending approval of this Honourable Court;

The Stay of Proceedings

- (j) the NOI Stay expires on May 20, 2021 and failing the granting of the Initial Order, each of the Applicants will be deemed bankrupt to the detriment of their stakeholders;
- (k) the Applicants require the Stay of Proceedings under the CCAA to prevent their deemed bankruptcies and prohibit certain enforcement action while they consider their restructuring options;
- (l) it is necessary and in the best interests of the Applicants and their stakeholders that the Applicants be afforded the breathing space provided under the CCAA;

The Charges

- (m) The Applicants are seeking the Charges as part of the relief granted by the proposed Initial Order in the following priority:
 - First – Administration Charge (up to the maximum amount of \$100,000); and

Second – Directors’ Charge (up to the maximum amount of \$100,000);

- (n) the quantum of each of the Charges was determined by the Applicants, in consultation with the Proposed Monitor. The Proposed Monitor is supportive of the granting of the Charges;

The Settlement Agreement

- (o) during the Proposal Proceedings, the Applicants have engaged in discussions with Pace regarding the resolution of certain issues between the Settlement Parties including, among others, the Applicants’ indebtedness to Pace. These discussions have culminated in the Settlement Agreement;
- (p) the Settlement Agreement provides a full and final settlement of certain issues between the Settlement Parties;
- (q) the effectiveness of the Settlement Agreement is conditional upon, among other things, the granting of the proposed Settlement Approval Order;
- (r) the Proposed Monitor believes that the Settlement Agreement is fair, commercially reasonable, and in the best interests of the Applicants’ and their stakeholders in the circumstances;
- (s) the proposed Settlement Approval Order contemplates the sealing of the unredacted Settlement Agreement as it contains commercially sensitive and confidential information that if disclosed, could be detrimental to the business and operations of

the Applicants and Pace, and limit the Applicants' ability to enter into further settlements during the CCAA proceedings;

- (t) the Proposed Monitor is supportive of the sealing of the unredacted Settlement Agreement;

Other Grounds

- (u) the provisions of the CCAA including, without limitation, section 11.6 thereof, and the inherent and equitable jurisdiction of this Honourable Court;
- (v) rules 1.04, 2.03, 3.02, 14.05(2), 16, 38 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended and sections 106 and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and
- (w) such further and other grounds as counsel may advise and this Honourable Court may permit;

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the application for the Initial Order:

- (a) the Affidavit of Jane Lowrie sworn May 17, 2021, and the exhibits and confidential exhibit attached thereto;
- (b) the consent of MNP to act as Monitor;
- (c) the Pre-Filing Report of the Proposed Monitor, to be filed, and the appendices and confidential appendices attached thereto; and

- (d) such further and other evidence as counsel may advise and this Honourable Court may permit.

May 17, 2021

BENNETT JONES LLP

One First Canadian Place
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Email: swanr@bennettjones.com

Raj Sahni (LSO#42942U)

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Lawyers for the Applicants

SCHEDULE "A"

<https://us02web.zoom.us/j/87131449225?pwd=NFZ5YWdvNFVvNkVpK3hIWktrcEFCdz09>

Meeting ID: 871 3144 9225

Passcode: 207260

One tap mobile

+16699009128,,87131449225#,,,,*207260# US (San Jose)

+12532158782,,87131449225#,,,,*207260# US (Tacoma)

Dial by your location

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 346 248 7799 US (Houston)

+1 646 558 8656 US (New York)

Meeting ID: 871 3144 9225

Passcode: 207260

Find your local number: <https://us02web.zoom.us/u/kdQhW67It>

**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 OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.**

Court File No.: _____

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

Proceedings Commenced in Toronto

NOTICE OF APPLICATION

BENNETT JONES LLP

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Lawyers for the Applicants

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
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CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

**AFFIDAVIT OF JANE LOWRIE
(Sworn May 17, 2021)**

I, Jane Lowrie, of the city of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President of Clearbeach Resources Inc. ("**Clearbeach**") and have been since its incorporation in 1989. I am also the sole director of Clearbeach and my son, Scott Lewis, is the sole director of Forbes Resources Corp. ("**Forbes**" and together with Clearbeach, the "**Applicants**"). As such, I have personal knowledge of the matters to which I depose in this affidavit, unless otherwise indicated. Where I have relied on other sources for information, I have so stated and I believe them to be true. Neither the Applicants nor I waive or intend to waive any applicable privilege by any statement herein.

2. I swear this affidavit in support of an application for:

- (a) an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), which, among other things:

- (i) abridges and validates the time for service of this Notice of Application and the Application Record and dispenses with further service thereof;
- (ii) declares that the Applicants are entities to which the CCAA applies;
- (iii) authorizes the continuation under the CCAA of the proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), commenced by Clearbeach and Forbes pursuant to the Notices of Intention to Make a Proposal filed on July 22, 2020 and July 23, 2020, respectively (together, the “**Proposal Proceedings**”);
- (iv) appoints MNP Ltd. (“**MNP**” or the “**Proposed Monitor**”) as an officer of this Court to monitor the assets, business, and affairs of the Applicants (as appointed, the “**Monitor**”);
- (v) stays, for an initial period of not more than ten (10) days (the “**Stay of Proceedings**”), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Directors and Officers or affecting the Applicants’ business or the Property (each as defined below), except with the written consent of the Applicant and the Monitor, or with leave of this Court; and
- (vi) grants the Administration Charge and Directors’ Charge (each as defined below) over the Applicants’ current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the “**Property**”);

(vii) approves the First Report of Richter Advisory Group Inc. (“**Richter**”) in its capacity as proposal trustee in the Proposal Proceedings (in such capacity, the “**Proposal Trustee**”) dated December 11, 2020 attached hereto (without appendices) as **Exhibit “A”**, the Supplement to the First Report of Richter dated December 16, 2020 attached hereto (without appendices) as **Exhibit “B”**, and the activities of Richter described therein; and

(b) an order (the “**Settlement Approval Order**”), approving the terms of settlement set out in the Settlement Agreement among the Applicants, PACE Savings & Credit Union Limited (“**Pace**”), Oil Patch Services Inc. (“**Oil Patch**”), Jarvis Holdings Inc. (“**Jarvis**”), Brookwood Resources Inc., 1782767 Ontario Inc., Peter Budd, Lagasco Inc. (“**Lagasco**”) and I (collectively, the “**Settlement Parties**”), executed in escrow pending the granting of the Settlement Approval Order (the “**Settlement Agreement**”), and sealing the unredacted Settlement Agreement.

3. All references to currency in this affidavit are in Canadian dollars unless otherwise noted.

I. CORPORATE STRUCTURE OF THE APPLICANTS

4. The Applicants are privately-owned affiliated companies operating in Ontario’s oil and natural gas sector and are each incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16. The registered head office of both Forbes and Clearbeach is located in London, Ontario. The corporate profile reports for each of Forbes and Clearbeach are attached hereto as **Exhibits “C”**, and **“D”**, respectively.

5. I am the sole shareholder of Clearbeach and Forbes.

II. THE APPLICANTS' BUSINESS

6. Forbes was initially incorporated with the intention of owning certain onshore oil and natural gas wells. However, since its incorporation, Forbes has been inactive and has not taken ownership of any such wells as a result of funding constraints described in detail below.

7. Clearbeach is the operating company through which the Applicants' business is conducted. Clearbeach is involved in the exploration, development and production of oil and gas deposits in Ontario.

8. Since its inception, Clearbeach has grown through a series of amalgamations, asset purchases and organically through exploration and drilling for new reserves. In 2008, Clearbeach Resources Ltd. amalgamated with Clearwood Resources Inc. and continued as "Clearbeach Resources Inc.". In 2019, Clearbeach amalgamated with ON-Energy Corp., which itself had previously amalgamated with Liberty Oil & Gas Ltd. ("**Liberty**"), and continued as "Clearbeach Resources Inc.".

9. Clearbeach currently owns approximately 402 oil, natural gas, disposal and injection wells in Southwestern Ontario, among other related production facilities, in a geographical area from Goderich to Windsor to Simcoe. These wells allow Clearbeach to produce 257 "barrels of oil equivalent" per day, consisting of approximately 1,000 cubic feet of natural gas and 90 barrels of oil.

10. Currently, Clearbeach does not have any employees. Rather, Clearbeach has contractual arrangements with Lagasco and Eastern Oilfield Services Ltd. ("**Eastern**") pursuant to which personnel and services are provided to Clearbeach in connection with the management, operation

and maintenance of Clearbeach's oil and gas wells and associated infrastructure. All costs are billed on a well and field basis and time spent is tracked hourly by all operators and personnel. Clearbeach's oil and gas wells require continual maintenance by field staff. Among other things, field staff must:

- (a) monitor oil and brine fluid levels, operate and maintain motors, compressors, dehydrators, separators, pipelines, pumps and wellheads, maintain sites and laneways and book shipments to empty the tanks, as needed;
- (b) ensure that the wells are pumping properly to avoid spills;
- (c) maintain the well sites, laneways and associated infrastructure;
- (d) perform a number of routine treatments including hot water treatments, salt treatments, wax treatments and pressure monitoring; and
- (e) schedule and perform service rig work to maintain downhole equipment, put wells back on-stream when they malfunction or have equipment failures, treat wells and plug wells as necessary to ensure wells remain active and productive.

11. The oil and gas wells owned by Clearbeach are predominantly located on private farmland. As compensation for having oil and gas wells situated on their property, individual landowners are paid on a monthly basis a royalty on gross production (generally 12.5%) (the "**Royalty Payments**") and are also compensated for crop losses due to surface facilities. Clearbeach must make the Royalty Payments and surface payments in order to keep its petroleum and natural gas leases in good standing and continue production from each of its oil and gas wells and associated facilities.

12. Due to poor financial performance and liquidity issues caused by challenged commodity prices and significant environmental obligations, Clearbeach has been unable to satisfy the Royalty Payments, pay municipal taxes, service its debt to its senior secured creditor, Pace, or meet certain of its other ordinary course obligations. As set out in detail immediately below, Clearbeach's failure to meet these obligations resulted in enforcement action being taken by Pace, which, in turn, precipitated the Proposal Proceedings.

III. BACKGROUND TO THESE PROCEEDINGS

A. Clearbeach's Indebtedness to Pace

13. Clearbeach is a party to a Variable Rate Business Loan Agreement dated August 7, 2014 and subsequently amended in December 2014, among Pace, as lender, Clearbeach, as borrower, and ON-Energy Corp., Brookwood Resources Inc., and 567322 Ontario Limited, as guarantors (as amended, the "**Clearbeach Loan**"). Among other things, the Clearbeach Loan provides for a non-revolving credit facility in the principal amount of \$6 million to be repaid through monthly blended payments of \$59,651.96 made on the 26th day of each month. The Clearbeach Loan matured on August 26, 2019. As at May 14, 2021, approximately \$4.45 million was outstanding under the Clearbeach Loan, including therein \$1.5 million paid by, and still outstanding to, a third-party guarantor. A copy of the Clearbeach Loan is attached hereto as **Exhibit "E"**.

14. In addition to the Clearbeach Loan, Clearbeach had guaranteed loan obligations of various of its predecessors and now has direct responsibility for certain loans through amalgamation, including under:

- (a) a Variable Rate Business Loan Agreement dated August 4, 2016 and subsequently amended on April 23, 2018, between Liberty, as borrower, and Pace, as lender, pursuant to which a non-revolving credit facility in the principal amount of \$1 million was established in favour of Liberty (the “**Liberty Loan**”);
- (b) a Variable Rate Business Loan Agreement dated December 18, 2017 between ON-Energy Corp., as borrower, Clearbeach and others, as guarantors, and Pace, as lender, pursuant to which a non-revolving credit facility in the principal amount of \$2.5 million was established in favour of ON-Energy Corp. (the “**First ON-Energy Loan**”); and
- (c) a Credit Facility Agreement dated February 15, 2018 and subsequently amended on April 23, 2018, between ON-Energy Corp., as borrower, Clearbeach and Liberty, as guarantors, and Pace, as lender, pursuant to which a non-revolving term loan in the principal amount of \$2 million was established in favour of ON-Energy Corp. (the “**Second ON-Energy Loan**”).

15. Copies of the Liberty Loan, the First ON-Energy Loan and the Second ON-Energy Loan (collectively, the “**Loan Agreements**”) are attached hereto as **Exhibits “F”, “G” and “H”** respectively.

16. The following security (collectively, the “**Clearbeach/Pace Security**”) was granted in respect of the obligations of Clearbeach, Liberty and ON-Energy Corp. under the Loan Agreements:

- (a) Clearbeach granted a security interest in its present and after acquired personal property in favour of Pace pursuant to a Business Loan General Security Agreement dated August 7, 2014;
 - (b) Clearbeach granted a Fixed and Floating Charge Demand Debenture in the amount of \$8 million in favour of Pace (the “**Debenture**”) in respect of, among other things, its existing and future leases, all lands and premises and all of its present and after acquired Oil and Gas Properties (as defined in the Debenture);
 - (c) Liberty granted a security interest in its present and after acquired personal property in favour of Pace pursuant to a Business Loan General Security Agreement dated February 15, 2016;
 - (d) Liberty granted a Fixed and Floating Charge Demand Debenture in the amount of \$1.8 million in favour of Pace in respect of, among other things, its existing and future leases, and all lands and premises;
 - (e) ON-Energy Corp. granted a security interest in its present and after acquired personal property in favour of Pace pursuant to a Business Loan General Security Agreement dated February 15, 2018; and
 - (f) ON-Energy Corp. granted a Fixed and Floating Charge Demand Debenture in the amount of \$2.8 million in favour of Pace in respect of, among other things, its existing and future leases, and all lands and premises.
17. On July 13, 2020, Pace sent a demand letter and an accompanying notice of intention to enforce security under subsection 244(1) of the BIA (together, the “**Clearbeach Demand Letter**”)

to Clearbeach in respect of the Loan Agreements. A copy of the Clearbeach Demand Letter is attached hereto as **Exhibit “I”**.

18. Among other things, the Clearbeach Demand Letter advised that:

- (a) certain events of default had occurred under the Loan Agreements;
- (b) Pace was making formal demand for immediate payment of \$8,951,401.79, together with accruing interest and any and all costs and expenses incurred by Pace (collectively, the “**Clearbeach Indebtedness**”); and
- (c) failing payment of the Clearbeach Indebtedness forthwith, Pace would take whatever steps it considered necessary to collect and recover amounts owing to it, including steps to appoint an interim receiver, receiver or receiver and/or manager of Clearbeach.

B. Forbes’ Indebtedness to Pace

19. Forbes is a party to a Variable Rate Business Loan Agreement dated April 13, 2018, among Forbes, as borrower, Jarvis and I as guarantors, and Pace, as lender (the “**Forbes Loan**”). Among other things, the Forbes Loan provides for a non-revolving credit facility in the principal amount of \$500,000.00. The Forbes Loan matured on June 30, 2018 and was not repaid. As at May 14, 2021, approximately \$534,800 remained outstanding under the Forbes Loan. A copy of the Forbes Loan is attached hereto as **Exhibit “J”**.

20. To secure its obligations under the Forbes Loan, Forbes granted a security interest in favour of Pace in all of its present and after acquired personal property pursuant to a Business Loan

General Security Agreement dated April 13, 2018 (together with the Clearbeach/Pace Security, the “**Pace Security**”).

21. On July 13, 2020, Pace sent a demand letter and an accompanying notice of intention to enforce security under subsection 244(1) of the BIA (together, the “**Forbes Demand Letter**”) to the parties to the Forbes Loan Agreement. A copy of the Forbes Demand Letter is attached hereto as **Exhibit “K”**.

22. Among other things, the Forbes Demand Letter advised that:

- (a) certain events of default had occurred under the Forbes Loan Agreement;
- (b) Pace was making formal demand for immediate payment of \$503,151.84, together with accruing interest and any and all costs and expenses incurred by Pace (collectively, the “**Forbes Indebtedness**” and together with the Clearbeach Indebtedness, the “**Pace Indebtedness**”); and
- (c) failing payment of the Forbes Indebtedness forthwith, Pace would take whatever steps it considered necessary to collect and recover amounts owing to it, including steps to appoint an interim receiver, receiver or receiver and/or manager of Forbes.

23. Forbes entered into the Forbes Loan in connection with financing the purchase of certain assets of Dundee Energy Limited Partnership and its general partner Dundee Oil and Gas Limited (collectively, “**Dundee**”), in the context of a proceeding under the CCAA. Specifically, Pace committed to providing \$23 million in various loans and lines of credit to support the transaction, split among different entities (including Clearbeach, Forbes and ultimately, Lagasco). Forbes

became involved for succession planning purposes. It was contemplated that Forbes would acquire certain onshore assets being purchased by Lagasco from Dundee, immediately post-closing.

24. Shortly before the scheduled closing date for Lagasco to purchase Dundee's assets, Pace's operations were taken over by the Ontario regulator of credit unions, the Deposit Insurance Corporation of Ontario (as it was then known; this regulatory role now falls under the Financial Services Regulatory Authority), Pace then did not maintain its commitment to provide a further \$20 million in financing that was required to close the Dundee purchase transaction. The asset purchase was later completed by Lagasco using financing from a different lender, without Forbes' involvement. As a result, Forbes did not acquire any of Dundee's assets, and at present it does not have any employees, operations or tangible assets.

C. The NOI and Receivership Proceedings

25. Pace brought an application for the appointment of a receiver, originally returnable on July 28, 2020. In response to the Pace receivership application, on July 22, 2020, Clearbeach filed a Notice of Intention to make a proposal pursuant to subsection 50.4(1) of the BIA (the "**Clearbeach NOI**"). On July 23, 2020, Forbes also filed a Notice of Intention to make a proposal pursuant to subsection 50.4(1) of the BIA (the "**Forbes NOI**"). Richter is the Proposal Trustee under the Clearbeach NOI and the Forbes NOI.

26. The Proposal Proceedings were intended to provide Clearbeach and Forbes with the time and stability necessary to consider and develop their restructuring options, including a Court-supervised process for the sale of Clearbeach's and Forbes' businesses. A copy of Clearbeach's certification of filing the Clearbeach NOI is attached hereto as **Exhibit "L"** and a copy of Forbes' certification of filing the Forbes NOI is attached hereto as **Exhibit "M"**.

27. By letter dated August 6, 2020 (the “**August 6 Letter**”), I understand that Pace, through its counsel, advised counsel to Clearbeach, Forbes and the Proposal Trustee that Pace would not support a sale process within the Proposal Proceedings and that any such process should be undertaken by a court-appointed receiver. Accordingly, Pace advised that it would move to terminate the Proposal Proceedings and appoint a receiver. A copy of the August 6 Letter is attached as **Exhibit “N”**.

28. By notice of motion dated August 7, 2020, Pace sought an order, among other things:

- (a) declaring the Stay of Proceedings or and any extension thereof terminated;
- (b) appointing BDO Canada Limited (“**BDO**”) as receiver, without security, of all the assets, undertakings and properties of Clearbeach and Forbes acquired for, or used in relation to a business carried on by one or more of Clearbeach and Forbes, pursuant to subsection 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the proceedings thereunder, the “**Receivership Proceedings**”); and
- (c) in the alternative, appointing BDO as interim receiver, without security, of all the Property pursuant to subsection 47.1(1) of the BIA.

29. Pursuant to an order dated August 20, 2020 (the “**August 20 Order**”) and an accompanying endorsement of the Honourable Madam Justice Dietrich made on consent (the “**August 20 Endorsement**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), among other things:

- (a) consolidated the Proposal Proceedings and the Receivership Proceedings; and

(b) granted a temporary stay of the Proposal Proceedings.

30. A copy of the August 20 Order, together with the August 20 Endorsement, is attached hereto as **Exhibit “O”**.

31. The stay of the Proposal Proceedings under the August 20 Order was intended to provide the Debtors and Pace with an opportunity to discuss an appropriate path forward while maintaining the *status quo*. These discussions included, among other things, the potential satisfaction of Clearbeach’s significant environmental obligations imposed under the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P. 12, as amended (the “**OGSRA**”), O. Reg. 245/97 thereunder and the *OGSRA Provincial Operating Standards Version 2.0* (the “**Operating Standards**”) and enforced by the Ministry of Natural Resources and Forestry (“**MNR**”).

32. On September 23, 2020, Pace issued a Notice of Abandonment stating that it was abandoning the Receivership Proceedings in their entirety (the “**Notice of Abandonment**”). I later came to understand that Pace determined that it would not have BDO take possession of the Property in the Receivership Proceedings as a result of Clearbeach’s environmental obligations and the limited realizable value of Clearbeach’s assets. A copy of the Notice of Abandonment is attached hereto as **Exhibit “P”**.

33. Since the Notice of Abandonment was issued, Clearbeach, Forbes and Pace have agreed to, sought and obtained nine brief stays of the Proposal Proceedings to prevent the immediate deemed bankruptcies of Clearbeach and Forbes and allow for, among other things, continued discussions between the parties. These brief stays were granted pursuant to several endorsements of the Court issued between October 1, 2020 and April 29, 2021 (collectively, the

“**Endorsements**”). Pursuant to the Endorsements, the current stay of the Proposal Proceedings expires on May 20, 2021. Copies of the Endorsements are attached hereto as **Exhibit “Q”**.

IV. FINANCIAL POSITION OF THE APPLICANTS

34. At present, Clearbeach is the only operating company among the Applicants. As previously noted, Forbes does not have any assets or business operations and its only liability is the Forbes Indebtedness. Accordingly, the following discussion will focus on Clearbeach’s financial position.

35. A copy of Clearbeach’s internally prepared unaudited balance sheet as at March 31, 2021 is attached hereto as **Exhibit “R”**.

A. Assets

36. As at March 31, 2021, Clearbeach had total assets with a book value of approximately \$9.8 million. Clearbeach’s primary assets, as of March 31, 2021 comprised of the following:

Asset Type	Value
Current Assets: \$437,204	
Cash	\$225,758
Accounts Receivable	\$101,383
Prepays and Security Deposits	\$110,063
Non-Current Assets: \$9,402,560	
Land, Buildings and Equipment	\$151,000
Well Bond	\$256,000
Related Party Loans	\$1,007,417
PNG Rights	\$7,731,943

Asset Type	Value
Total	\$9,839,764

B. Liabilities

37. As at March 31, 2021, Clearbeach had total liabilities of approximately \$21.7 million, consisting of the following:

Liability Type	Value
Current Liabilities: \$14,999,234	
Accounts Payables and Accruals	\$3,370,621
Clearbeach Pace Loans (net of guarantee payment)	\$7,534,805
CIBC Mortgage	\$66,803
Crich Loan	\$4,027,005
Non-Current Liabilities: \$6,667,999	
Asset Retirement Obligations	\$6,257,999
Shareholder Loan	\$410,000
Total	\$21,667,233

C. Secured Debt

38. As set out above, Clearbeach's and Forbes' primary funded debt obligations consist of amounts owing under the Loan Agreements and the Forbes Loan advanced by Pace. In addition to these obligations, Clearbeach is also indebted to Crich Holdings and Buildings Limited ("Crich") in the amount of approximately \$8.6 million and Canadian Imperial Bank of Commerce ("CIBC") in the amount of approximately \$66,000. The Crich indebtedness is in respect of loans and

preferred shares supported by a gross overriding royalty and general security agreement in favour of Crich. The CIBC indebtedness is in connection with a mortgage on real property owned by Clearbeach, which is located in Clearville, Ontario.

D. Other Secured Obligations

39. Attached hereto as **Exhibit “S”** are results from searches conducted against the Applicants under the *Personal Property Security Act*, R.S.O. 1990, c. P. 10, as amended (the “**PPSA**”) effective May 3, 2021. In addition to the security granted to Pace and Crich, the PPSA search results disclosed secured obligations of Clearbeach in connection with certain leased vehicles, which have been sold to Eastern. I understand that the PPSA search results also disclose a registration in favour of NRG Corp. I have requested that inquiries be made as to the basis for NRG Corp.’s PPSA registration as I am not currently aware of any indebtedness that Clearbeach may have to NRG Corp.

E. Environmental Obligations

40. As an explorer, developer and producer of oil and gas deposits in Ontario, Clearbeach is subject to a comprehensive scheme of environmental obligations under the OGSRA, the Operating Standards and O. Reg. 245/97. Among other things, these obligations may include:

- (a) the plugging of oil and gas wells that are no longer in use;
- (b) maintaining all work sites in an orderly manner;
- (c) reporting all uncontrolled well flowing, spills, fires or explosions;

- (d) implementing precautions to prevent the wasting, leaking or escaping of oil and gas from natural reservoirs, wells or tanks; and
- (e) certain other reporting and end of life/asset retirement obligations.

41. Clearbeach's compliance with these statutory and regulatory obligations is monitored and enforced by the MNRF. While Clearbeach has historically satisfied its environmental obligations, including its plugging and end of life obligations, it is currently unable to fully do so, and advised the MNRF of this on October 9, 2020.

42. On October 14, 2020 and December 16, 2020, the MNRF issued Inspector's Order I41-20-12920-001 and Inspector's Order I35-20-12935-001 under the OGSRA, respectively (together, the "**Inspector's Orders**"). The Inspector's Orders are in respect of forty-one wells licenced in the names of Clearbeach Resources Inc., ON-Energy Corp. and Liberty, and under the control and management of Clearbeach. In addition to the Inspector's Orders, Clearbeach has several deficiency lists with the MNRF due to certain of its inactive wells and other compliance issues.

43. The deficiencies identified by the MNRF can in some cases be addressed without plugging the wells. The estimated cost to Clearbeach of complying with the Inspector's Orders and the MNRF's current deficiency lists is approximately \$433,000. Clearbeach would like to plug certain of the forty-one wells (three of which have already been plugged), and return others to production and is currently in discussions with the MNRF on these matters. Clearbeach estimates a total future asset retirement obligation of approximately \$12.2 million and intends to plug and remediate wells on an ongoing basis as part of its regular operations once such wells are at the end of their economic life or as required under the OGSRA or the Operating Standards.

F. Royalty Payments and Municipal Tax Obligations

44. In addition to its environmental obligations, Clearbeach has unsecured obligations in the amount of approximately \$2.2 million relating to municipal taxes (\$2 million) and the Royalty Payments (\$200,000). As described above, Clearbeach makes the Royalty Payments to landowners as required pursuant to Clearbeach's contractual arrangements with such landowners as compensation for draining the oil and gas under their properties. Clearbeach has had insufficient funds to make some of the Royalty Payments, resulting in a breach of certain of Clearbeach's lease agreements. Clearbeach currently holds leases on over 1,000 properties, and has remained up to date with payments on most leases. Several landowners have sent letters of default under the leases and are threatening to deny Clearbeach access to certain properties, which would prevent Clearbeach from being able to maintain its wells in accordance with the Operating Standards. Certain municipalities have also threatened enforcement actions for unpaid taxes.

V. CONTINUATION OF THE PROPOSAL PROCEEDINGS UNDER THE CCAA

45. As previously noted, the time to file a proposal in the Proposal Proceedings has elapsed and but for the Endorsements, Clearbeach and Forbes would be deemed bankrupt under the BIA. To permit the Applicants' business to continue operating as a going-concern and allow Clearbeach to meet its ongoing environmental and stewardship obligations while their restructuring options are considered, the Applicants are seeking the breathing space, flexibility and stability afforded by the CCAA. To this end, the Initial Order contemplates the continuation of the Proposal Proceedings under the CCAA.

46. Given the limited realizable value of the Applicants' assets and Clearbeach's significant environmental and stewardship obligations, a deemed bankruptcy in the Proposal Proceedings

would be detrimental to the Applicants' stakeholders. In contrast, a continuation of the Proposal Proceedings under the CCAA will allow the Applicants' to establish a plan for their restructuring that will ensure a going-concern result and the satisfaction of Clearbeach's environmental and stewardship obligations.

47. With the benefit of the flexibility, stability and breathing space provided by the CCAA and the oversight and assistance of the Monitor, the Applicants intend to, among other things:

- (a) continue to operate their business in the ordinary course;
- (b) in consultation with the MNRF, attend to and address Clearbeach's ongoing stewardship obligations, including the Inspector's Orders, in accordance with the OGSRA and the Operating Standards;
- (c) canvass opportunities for the sale of non-material assets and/or a Court-approved sale of the Applicants' business in whole or in part; and
- (d) evaluate the viability of presenting a plan of compromise or arrangement to the Applicants' creditors within the CCAA proceedings.

48. I am advised that the Proposed Monitor supports the Applicants' application to continue the Proposal Proceedings under the CCAA.

VI. RELIEF SOUGHT

A. Stay of Proceedings

49. As set out above, each of Forbes and Clearbeach are in default of certain of their obligations, are facing enforcement action from multiple stakeholders and are currently unable to

satisfy their obligations as they become due. The Applicants require the Stay of Proceedings to maintain the *status quo* and thereby protect the value of the Applicants' business. It would be detrimental to the Applicants' business if proceedings were commenced or continued or rights and remedies were executed against the Applicants. Absent the Stay of Proceedings, the Applicants will not be able to continue to operate their business, and by extension, meet Clearbeach's significant environmental and stewardship obligations.

50. The breathing room afforded by the Stay of Proceedings will permit the Applicants to continue to operate as a going-concern with minimal disruption to their ordinary course business operations. Additionally, the Applicants will be able to explore various strategic alternatives with a view to maximizing stakeholder value, including a sale process.

51. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings is appropriate in the circumstances.

B. Proposed Monitor

52. The proposed Initial Order contemplates that MNP will act as Monitor in the Applicants' CCAA proceedings. I understand that MNP has consented to act as Monitor of the Applicant in the CCAA proceedings if the proposed Initial Order is granted.

53. I understand that a copy of MNP's consent to act as Monitor will be attached to the Pre-Filing Report of MNP to be filed separately with the Court (the "**Pre-Filing Report**").

C. Administration Charge

54. The proposed Initial Order provides for a Court-ordered priority charge over the Property in favour of the Monitor, as well the Monitor's and the Applicants' counsel to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the Applicants up to a maximum amount of \$100,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over the Directors' Charge.

55. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

56. The quantum of the Administration Charge was determined by the Applicants, with the assistance of the Proposed Monitor. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is also of the view that the Administration Charge is fair and reasonable.

D. Directors' Charge

57. The success of the Applicants' restructuring will only be possible with the continued participation of their respective directors and officers (collectively, the "**Directors and Officers**"). The Directors and Officers have specialized expertise and significant knowledge that cannot be easily replaced, making them essential to the viability of the Applicants' business and the preservation of its value.

58. I am advised by Raj Sahni of Bennett Jones LLP, counsel to the Applicants, and do verily believe that, in certain circumstances, directors and officers can be held liable for the obligations of a company, including obligations of a company owing to government entities, such as unremitted excise, sales, goods and services, and harmonized sales taxes. The Applicants do not maintain insurance policies in respect of the potential liability of the Directors and Officers.

59. The Directors and Officers have expressed their desire for certainty with respect to their potential personal liability if they continue in their current capacities in the proposed CCAA proceedings. Given the potential liabilities and the uncertainty surrounding available indemnities and insurance, the proposed Initial Order contemplates a priority charge in favour of the Directors and Officers up to a maximum amount of \$100,000 (the “**Directors’ Charge**”). The Directors’ Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers will face in the CCAA proceedings.

60. The Applicants believe that the Directors’ Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors’ Charge and its quantum.

E. Cash Flow Forecast

61. With the assistance of the Proposed Monitor, the Applicants have conducted a cash flow analysis to determine the amount required to finance their ordinary course business operations, assuming the Initial Order is granted, over the 13-week period from May 20, 2021, to August 19, 2021 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Monitor.

62. The Cash Flow Forecast demonstrates that if the relief sought under the Initial Order is granted, the Applicants will have sufficient liquidity to meet their ordinary course obligations over the initial period of these proceedings without debtor-in-possession financing.

F. Settlement Approval Order

63. In the course of the Proposal Proceedings, Pace, Clearbeach and Forbes have engaged in discussions regarding, among other things, the Pace Indebtedness, the Pace Security and certain guarantees granted in connection thereto as well as:

- (a) the Receivership Proceedings and the Proposal Proceedings;
- (b) an action commenced by Lagasco and Forbes against Pace in the Ontario Superior Court of Justice under Court File No.: CV-20-00645472-0000 on August 11, 2020 (the “**Lagasco Claim**”); and
- (c) an action Pace commenced against me through the amendment of a Statement of Claim under Court File No.: CV-19-00616388-00CL on February 10, 2021 (the “**Pace/Lowrie Claim**”).

64. These discussions have culminated in the Settlement Agreement. The settlement contemplated by the Settlement Agreement is intended to be a mutually beneficial, cost-effective, full and final settlement of all claims set out in the Lagasco Claim and the Pace/Lowrie Claim and any claims arising out of or in connection therewith. Further, the Settlement Agreement is intended to resolve all of the known and unknown facts and issues in dispute among the Settlement Parties in respect of all of the known and unknown claims that have been or could be commenced or

asserted relating to or arising from the Pace Indebtedness, the Pace Security, the Lagasco Claim, the Pace/Lowrie Claim, the Receivership Application, and the Proposal Proceedings.

65. The principal terms of the Settlement Agreement are as follows:

- (a) the implementation of the Settlement Agreement is conditional upon the granting of the Settlement Approval Order;
- (b) Oil Patch or another entity I may designate (the “**Purchaser**”), shall pay or cause to be paid to Pace the Purchase Price (as defined in the Settlement Agreement) for the purchase of the Pace Indebtedness and the Pace Security, which shall be assigned by Pace to the Purchaser pursuant to an assignment and assumption agreement;
- (c) Pace shall be entitled to retain the estimated aggregate amount of all deposits received and held to date in the accounts of Clearbeach with Pace, free of any claims from Clearbeach or any other party;
- (d) Pace shall transfer all of its right, title and interest in and to any and all shares held by Pace in Tribute Resources Inc. to Clearbeach;
- (e) Pace shall deliver to Clearbeach, Forbes, Lagasco and I, and any affiliates or predecessors of such parties (collectively, the “**Pace Released Parties**”), a release of any and all claims that Pace may have against the Pace Released Parties save and except for certain claims excluded under the Settlement Agreement;

- (f) the Pace Released Parties shall provide to Pace a release of any and all claims that any of them may have against Pace;
- (g) Pace shall provide a consent to the dismissal of the Pace/Lowrie Claim; and
- (h) Lagasco and Forbes shall provide a consent to the discontinuance of the Lagasco Claim.

66. The Applicants believe that the Settlement Agreement is fair and reasonable and in the best interests of the Applicants and its stakeholders given that, among other things:

- (a) it provides a comprehensive and commercially reasonable compromise between the Applicants and Pace in the circumstances;
- (b) it will avoid the potentially extensive and costly litigation of the issues arising from or in connection to the Pace Indebtedness, the Pace Security, the Lagasco Claim and the Pace/Lowrie Claim;
- (c) it will permit the Applicants to focus their efforts on a broad restructuring of their business in the best interests of their stakeholders;
- (d) it will afford the Applicants an opportunity to continue discussions with the MNRF to address Cleabreach's environmental and stewardship obligations; and
- (e) it provides certainty and finality with respect to the issues arising from or in connection to the Pace Indebtedness, the Pace Security, the Lagasco Claim and the Pace/Lowrie Claim.

67. An unexecuted and unredacted copy of the Settlement Agreement is attached hereto as **Confidential Exhibit “A”**. A redacted and unexecuted copy of the Settlement Agreement is attached hereto as **Exhibit “T”**. The unredacted copy of the Settlement Agreement is proposed to be sealed as it contains commercially sensitive and confidential information that if disclosed, could be detrimental to the business and operations of the Applicants and Pace. Additionally, the disclosure of such information will limit the Applicants’ restructuring options and may jeopardize their ability to enter into further settlements with their stakeholders in the course of the CCAA proceedings.

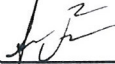
68. I am advised that the Proposed Monitor is supportive of the Settlement Agreement’s approval in the circumstances. In this regard, I understand that the Proposed Monitor will articulate its views on the commercial reasonableness of the Settlement Agreement in the Pre-Filing Report.

VII. CONCLUSION

69. In light of the Applicants’ financial circumstances, Clearbeach’s significant environmental liabilities and the limited realizable value of the Applicants’ assets, I believe that the relief sought pursuant to the Initial Order is reasonable and appropriate in the circumstances. Further, I believe that the relief sought under the Settlement Approval Order is appropriate in the circumstances. Put simply, it offers a comprehensive settlement of all issues related to the Pace Indebtedness, the Pace Security, the Pace/Lowrie Claim and the Lagasco Claim and avoids the extraordinary cost, time and resources that would otherwise be required to resolve such issues to the detriment of the Applicants and their stakeholders.

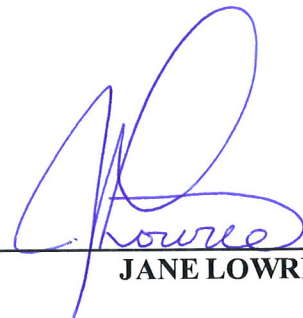
70. I swear this affidavit in support of the of the Applicants’ application for the Initial Order and the Settlement Approval Order and for no other or improper purpose.

SWORN BEFORE ME over)
videoconference on this 17th day of May,)
2021. The affiant was located in the City of)
London, in the Province of Ontario and the)
Commissioner was located in the City of)
Oakville, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)



JOSHUA FOSTER


A Commissioner for Oaths in and for the
Province of Ontario



JANE LOWRIE

TAB A

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.

FIRST REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.

DECEMBER 11, 2020

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APPENDICES

APPENDIX “A” – Certificates of Filing

APPENDIX “B” – NOI Stay Orders dated August 20, 2020

APPENDIX “C” – Operating Agreement

APPENDIX “D” – Creditor Lists

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APPENDIX “F” – Endorsement of Justice Gilmore dated September 23, 2020

APPENDIX “G” – Endorsement of Justice Conway dated October 1, 2020

APPENDIX “H” – Endorsement of Justice Gilmore dated October 15, 2020

APPENDIX “I” – Endorsement of Justice Cavanaugh dated October 29, 2020

APPENDIX “J” – Endorsement of Justice Conway dated November 19, 2020

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

CLEARBEACH RESOURCES INC., FORBES RESOURCES CORP. and
EASTERN OIL FIELD SERVICES LTD.

Respondents

APPLICATION UNDER SUBSECTION 47(1) AND 243(1) OF THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT,
R.S.O. 1990, c. C.43, AS AMENDED

FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE

DECEMBER 11, 2020

I. INTRODUCTION

1. On July 22, 2020 (the “Clearbeach Filing Date”) and July 23, 2020 (the “Forbes Filing Date”, and collectively with the Clearbeach Filing Date, the “Filing Dates”), **Clearbeach Resources Inc.** (“Clearbeach”) and **Forbes Resources Corp.** (“Forbes”, and collectively with Clearbeach, the “Companies”) each filed a Notice of Intention to Make a Proposal (“NOI”), respectively, pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “BIA”), and **Richter Advisory Group Inc.** (“Richter”) was appointed as **proposal trustee (in such capacity, the “Proposal Trustee”)** under each NOI. The NOIs of Clearbeach and Forbes were filed in response to an application (the “Receivership Application”) made to the Ontario Superior Court of Justice (Commercial List) (the “Court”) by the Companies’ senior secured lender, **PACE Savings and Credit Union Limited** (“PACE”), returnable July 28, 2020, seeking, *inter alia*, a receivership order and to appoint **BDO Canada Limited** (“BDO”) as receiver, without security, over the assets, undertakings and properties of Clearbeach, Forbes and Eastern Oil Field Services Ltd., an affiliate (“Eastern”). The NOIs were filed with the **Superintendent of Bankruptcy’s divisional office in London, Ontario**. Copies of the Certificates of Filing issued by the Superintendent of Bankruptcy for each of the Companies are attached hereto as **Appendix “A”**. The NOI proceedings commenced by the Companies **under the BIA are herein referred to as the “NOI Proceedings”**.
2. The primary purpose of the NOI Proceedings was to provide the Companies with the necessary space and time to consider and develop restructuring options, including a process for the sale of the business, in order to address its liabilities and develop a proposal to creditors, while continuing with the responsible management and upkeep of its oil and natural gas wells.
3. On August 7, 2020, PACE brought a motion before the Ontario Superior Court of Justice in London, Ontario (the “London Court”) (the NOIs were filed in London, Ontario) seeking, among other things, (i) the termination of the 30-day statutory period specified by subsection 50.4(8) of the BIA in connection with the NOIs of Clearbeach and Forbes (the “Stay Period”) and (ii) the appointment of BDO as Court-appointed receiver, without security, over all of the assets, undertakings and properties of **the Companies (the “August 7 Receivership Motion”)**.
4. On August 20, 2020, the Court issued two identical orders (the “NOI Stay Orders”), *inter alia*, (i) transferring the NOI Proceedings of Clearbeach and Forbes from the London Court to the Commercial List in Toronto and (ii) staying the Clearbeach and Forbes NOI proceedings (the “NOI Stay”) pending further order of the Court following the return of the August 7 Receivership Motion. Copies of the NOI Stay Orders are attached hereto as **Appendix “B”**.
5. On September 23, 2020, PACE abandoned its Receivership Application and, consequently, the August 7 Receivership Motion.

6. Pursuant to the endorsements of Justice Gilmore dated September 23, 2020 (**the “September 23 Endorsement”**), Justice Conway dated October 1, 2020 (**the “October 1 Endorsement”**), Justice Gilmore dated October 15, 2020 (**the “October 15 Endorsement”**), Justice Cavanaugh dated October 29, 2020 (**the “October 29 Endorsement”**) and Justice Conway dated November 19, 2020 (**the “November 19 Endorsement”**), the NOI Stay remains in effect until December 17, 2020 at 5:00 pm, unless further extended by the Court, in order to, *inter alia*, facilitate an orderly transition of the Companies into bankruptcy.
7. Copies of the Court materials and other information relating to the NOI Proceedings are available on the Proposal Trustee’s websites at <https://www.richter.ca/insolvencycase/clearbeach-resources-inc/> and <https://www.richter.ca/insolvencycase/forbes-resources-corp/> (**the “Proposal Trustee’s Websites”**).

II. PURPOSES OF THE FIRST REPORT

8. The purpose of this report (**the “First Report”**) is to provide the Court with information pertaining to the following:
 - (i) background information on the Companies, including their corporate structure, operations, financial results and position and creditors;
 - (ii) background information on the NOI Proceedings;
 - (iii) **The Company’s request for an order (the “Bankruptcy Transition Order”)**, *inter alia*,
 - (a) terminating the NOI Stay in respect of each of Clearbeach and Forbes and ordering each of Forbes and Clearbeach bankrupt as of the date of the Bankruptcy Transition Order;
 - (b) **appointing Richter as trustee in bankruptcy (in such capacity, the “Trustee”) of each of Clearbeach and Forbes;**
 - (c) deeming that the Trustee is not to be in possession or control of any of the assets, properties and undertaking, including the oil and gas wells or other property of Clearbeach or Forbes (collectively, **the “Property”**) and **disclaiming the Trustee’s** interest in any of the Property, upon the issuance of the Bankruptcy Transition Order;
 - (d) authorizing Clearbeach to enter into an operating agreement (**the “Operating Agreement”**) with Eastern, and to carry out the obligations of Clearbeach as set out therein, including making the payment of fees and disbursements to Eastern thereunder. A copy of the Operating Agreement is attached hereto as **Appendix “C”**;

- (e) requiring PACE to account for and pay and / or release to Clearbeach all funds seized by PACE or withheld by PACE in or from Clearbeach's accounts with PACE after the commencement of Clearbeach's proposal proceedings, which shall form part of Clearbeach's Property and shall be used by Clearbeach toward payment of its obligations under the Operating Agreement, including in respect of meeting its obligations in respect of environmental matters and for payment of the fees and costs of the Trustee (including in its capacity as Proposal Trustee) and its counsel; and
 - (f) approving the First Report and the activities of the Proposal Trustee set out herein;
- (iv) the activities of the Proposal Trustee since the Filing Dates; and
 - (v) **The Proposal Trustee's recommendations and conclusions.**

III. DISCLAIMER AND TERMS OF REFERENCE

9. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited, draft, and / or internal financial information prepared by representatives of the Companies, the **Companies'** books and records, and discussions with representatives of the Companies and the **Companies'** legal counsel (collectively, the "Information"). **In accordance with industry practice, except as otherwise described in this** First Report, the Proposal Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing **Standards ("GAAS") pursuant to the** Chartered Professional Accountant of Canada Handbook and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
10. Parties relying on this First Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes, and consequently should not be used for any other purpose.
11. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

IV. BACKGROUND INFORMATION ON THE COMPANIES

Clearbeach

12. Clearbeach, a private company, is involved in the exploration, development and production of oil and natural gas, operating in various municipalities in Southwestern Ontario. Clearbeach was incorporated in the Province of Ontario in 1989. Clearbeach, as it currently exists, is the result of a series of amalgamations, including the 2008 amalgamation of Clearbeach Resources Ltd. and Clearwood Resources Inc., to form the predecessor Clearbeach Resources Inc. (“Clearbeach Oldco”), and the 2019 amalgamation of Clearbeach Oldco and ON-Energy Corp. (“ON-Energy”). ON-Energy itself was itself the result of a previous amalgamation between a prior corporation of **the same name and Liberty Oil & Gas Ltd. (“Liberty”).**
13. **Clearbeach’s registered head office is located at 2807 Woodhill Road, London, Ontario.** Jane Lowrie is the President and sole director of Clearbeach **and owns 100% of Clearbeach’s common shares.**
14. The Proposal Trustee understands that Clearbeach currently owns 404 oil, natural gas, disposal and injection wells (**the “Wells”**) situated on private farmland throughout rural Southwestern Ontario. As noted in the affidavit **of Jane Lowrie sworn December 10, 2020 (the “Lowrie Affidavit”) filed in support of the Companies’ request for the Bankruptcy Transition Order, the Wells allow Clearbeach to produce 257 “barrels of oil equivalent” per day,** consisting of approximately 1,000 cubic feet of natural gas and 90 barrels of oil. As compensation for having the Wells on their property, the individual landowners (mainly famers) are paid a 12.5% royalty on gross production on a monthly basis and are also compensated for surface facilities. These are required payments to hold the petroleum and natural gas leases in good standing and allow production from the Wells and associated facilities to continue. In recent months, royalty payments have not been made to certain landowners, in part due to the unavailability of certain funds which are currently being withheld from Clearbeach by PACE (as discussed below). As a result, Clearbeach is in violation of certain of its lease agreements, which form the basis of its right to produce and interests in the Wells.
15. The Company does not have any employees. Its operations are primarily carried out by related parties, Lagasco **Inc. (“Lagasco”)** and Eastern, which manage, operate, and maintain the Wells and associated infrastructure on behalf of Clearbeach. All costs are billed on a well and field basis and time spent is tracked hourly by all operators and personnel.

Forbes

16. Forbes is incorporated under the laws of the Province of Ontario. It does not carry on any business activities, nor does it have any assets or employees. Forbes was initially incorporated with the intention of owning certain onshore oil and natural gas wells. However, due to funding complications, Forbes never took ownership of those wells.
17. **Forbes' only liability relates to a secured loan advanced by PACE pursuant to a loan agreement dated April 13, 2018 in the amount of \$500,000, further details of which are provided below.**

Financial Position and Results

18. As Forbes does not carry on an active business or have any assets, this section focuses on the financial position and results of Clearbeach only.
19. **Set out below is a summary of the Clearbeach's income statement** for the 10-month period ended June 30, 2020.

Clearbeach Resources Inc. Condensed Income Statement For the 10-months ended June 30, 2020 (CAD, in 000s; unaudited)	
Total revenues, net of royalties	\$ 2,625
Operating costs	<u>(2,451)</u>
Income before the undernoted	\$ 174
Depreciation and depletion	\$ (10,777)
Impairment loss	(781)
Interest	(631)
Other	<u>(62)</u>
Net loss	<u>\$ (12,077)</u>

Source: Information provided by Clearbeach

20. As detailed above, Clearbeach incurred a net loss of approximately \$12.1 million for the 10-month period ending June 30, 2020, which was driven primarily by decreasing commodity prices for oil and natural gas, which, in addition to negatively impacting margins and liquidity, has forced Clearbeach to recognize a substantial depreciation and depletion write-down in respect of the Wells.

21. Set out below is Clearbeach's unaudited balance sheet as at June 30, 2020.

Clearbeach Resources Inc.			
Condensed Balance Sheet - as at June 30, 2020			
(CAD, in 000s: unaudited)			
Assets		Liabilities	
Cash	\$ 33	Accounts payable and accruals	\$ 2,633
Accounts receivable	326	Clearbeach PACE Loans	8,618
Prepays and security deposits	33	Total current	\$ 11,251
Total current	\$ 392	Shareholder loan (unsecured)	410
Land, buildings and equipment	151	Long-term debt (secured)	1,205
Well bond	256	Asset retirement obligation	6,450
Related party loans	1,975	Total liabilities	\$ 19,316
PNG rights (the Wells)	7,953	Total shareholders' equity	(8,589)
Total assets	\$ 10,727	Total liabilities and shareholders' equity	\$ 10,727

Source: Information provided by Clearbeach

22. As presented above, Clearbeach had total assets with a book value of approximately \$10.7 million as at June 30, 2020. The Proposal Trustee notes the following with respect to **Clearbeach's assets**:

- (i) **The accounts receivable is in respect of Clearbeach's various oil and gas customers;**
- (ii) **The well bond represents a bond posted with the Ministry of Natural Resources and Forestry (the "MNRF"), as security for costs to remediate the Wells;**
- (iii) **The related party loans comprise amounts owing from Lagasco (approximately \$1.7 million as at June 30, 2020) and Terra Drilling Inc ("Terra") (approximately \$0.3 million as at June 30, 2020).** The quantum and validity of the loan due from Lagasco remains subject to dispute. The loan owing from Terra is in respect of loan payments made by Clearbeach, on behalf of Terra. The Proposal Trustee has been advised by Clearbeach that Terra holds one asset, a drilling rig. The drilling rig has been inactive since 2015 due to the collapse of oil prices and the industry downturn since that time. The Proposal Trustee understands based on discussions with Clearbeach, that there is scarce demand for drilling rigs at this time, and, accordingly, it is unlikely that Terra can sell its asset for commercially reasonable values for the purposes of repaying the loan owed to Clearbeach; and
- (iv) **The book value of the Wells, net of any asset retirement obligations ("ARO"), differs materially from their estimated realizable value.** Due to prevailing market conditions and their impact on the price of oil and natural gas, the estimated value of the Wells, which primarily represents the value of the oil and natural gas reserves in place, net of any corresponding ARO, has decreased substantially in recent years according to independent reserve valuation reports (from approximately \$8.9 million in 2018 to \$0.3 million in 2020).

23. As noted on the June 30, 2020 balance sheet, **Clearbeach's liabilities primarily comprise** the present value of **Clearbeach's** future environmental obligations associated with the Wells (the ARO), as well as secured obligations owing to PACE. The book **value of Clearbeach's environmental obligations and secured indebtedness** far exceeds the book value of its total assets. In addition, due to the depressed state of the oil and gas industry in Canada, and, in particular, Southwestern Ontario, the Proposal Trustee understands that the expected realization values of the Clearbeach assets may be substantially less than their book values.

The Companies' Creditors

24. **Copies of the creditor lists included in each of the Companies' NOI proceedings are attached hereto as Appendix "D"**. As noted above, Forbes does not carry on any business activities nor does it have any assets. Its only liability relates to secured indebtedness owing to PACE, as discussed below. Other than with respect to PACE, the discussion that follows focuses on the creditors / obligations of Clearbeach.

Ministry of Natural Resources and Forestry

25. As an explorer, developer and producer of oil and gas deposits in Ontario, Clearbeach's **compliance with statutory** and regulatory obligations is monitored and enforced by the MNRF. As noted in the Lowrie Affidavit, these obligations include, among others:
- (i) the plugging of oil and gas wells that are no longer in use;
 - (ii) maintaining all work sites in an orderly manner;
 - (iii) reporting all uncontrolled well flowing, spills, fires or explosions;
 - (iv) implementing precautions to prevent the wasting, leaking or escaping of oil and gas from natural reservoirs, wells or tanks; and
 - (v) certain other reporting and end of life / asset retirement obligations.
26. As noted on the Clearbeach creditor list, Clearbeach estimates a total asset retirement obligation of approximately \$10.8 million (this figure has not been discounted to its present value). However, this estimate represents the total future obligations associated with plugging / remediating all the Wells, many of which currently do not, under normal course operations, require plugging / remediation. As is industry practice, Clearbeach engages in plugging and remediation of its Wells on an ongoing basis as part of its regular operations when wells are at the end of their economic life or as otherwise required in accordance with environmental regulation.

27. **Clearbeach's current** known plugging / remediation obligations can be categorized as follows: (i) wells to be plugged / remediated in accordance with the MNRF Orders (as defined below) and deficiencies identified by the MNRF, and (ii) wells that are uneconomic and / or have reached their end of life.
28. As noted in the Lowrie Affidavit, on October 14, 2020, Clearbeach received environmental orders from the MNRF **(the "MNRF Orders") to plug 10 of the Wells (the "Ordered Wells") due to non-compliance** with certain environmental regulations associated with the Ordered Wells (either from inactivity and / or their hazardous nature). Pursuant to the MNRF Orders, Clearbeach must complete the plugging of two of the Ordered Wells by December 14, 2020, an additional two of the Ordered Wells by February 14, 2021, and the remainder of the Ordered Wells by July 14, 2021. In addition to the MNRF Orders, Clearbeach has several deficiency lists with the MNRF due to certain inactive Wells and other compliance issues. A copy of the MNRF Orders is included as **Exhibit "N" to the Lowrie Affidavit**. As further noted in the Lowrie Affidavit, the cost of complying with the **MNRF Orders and the MNRF's deficiency lists** is estimated by Clearbeach to be approximately \$404,000. Clearbeach is currently without the funds to meet these obligations.
29. As noted in the Lowrie Affidavit, the significant decline in oil and gas commodity prices over the past few years has rendered many of the Wells uneconomic. Clearbeach identifies uneconomic or end of life Wells that require plugging based on an annual valuation report prepared for Clearbeach by an independent petroleum engineer, **McIntosh Perry Consulting Engineers Ltd. ("McIntosh")**. **In consideration of the findings** from the McIntosh report issued to the Company in March 2020, it is estimated that the cost of plugging and end of life obligations is approximately \$1.6 million in the next year in respect of the Wells that are currently non-productive.
30. As discussed below, it is the intention of Clearbeach to meet its plugging and remediation obligations during the proposed bankruptcy proceedings pursuant to the terms of the Operating Agreement.

PACE Savings and Credit Union

31. Clearbeach is indebted to PACE under four different loan agreements, as follows:
 - (i) a loan in the amount of \$6,000,000 pursuant to a loan agreement dated August 7, 2014, as amended on **December 2014 (the "Clearbeach Loan")**;
 - (ii) a loan, which was originally made to Liberty (for which liability is assumed by Clearbeach through amalgamation) in the amount of \$1,000,000 pursuant to a loan agreement dated August 4, 2016, as **amended on April 23, 2018 (the "Liberty Loan")**;

- (iii) a loan, which was originally made to ON-Energy (for which liability is assumed by Clearbeach through amalgamation) in the amount of \$2,000,000 pursuant to a loan agreement dated February 15, 2018, as amended on April 23, 2018 (the “ON-Energy Loan 1”); and
- (iv) a loan, which was originally made to ON-Energy (for which liability is assumed by Clearbeach through amalgamation) in the amount of \$2,500,000 pursuant to a loan agreement dated December 18, 2017 (the “ON-Energy Loan 2” and collectively, with the Clearbeach Loan, the Liberty Loan and the ON-Energy Loan 1, the “Clearbeach PACE Loans”);

32. A summary of the PACE Loans, including their outstanding indebtedness as at June 16, 2020, the security granted thereunder in favour of PACE by Clearbeach (collectively, the “Clearbeach Security”) and the guarantees thereunder, is provided in the table below.

PACE Loans Summary				
In CAD; unaudited				
Loan	Loan Amount	Outstanding Balance at June 16, 2020	Security	Guarantors
Clearbeach Loan	6,000,000	3,819,260	- GSA - \$8.0 million fixed and floating demand debenture over the leases and wells of Clearbeach. - Assignment of monies from Union Gas Limited and Marcus Terminals Inc.	ON-Energy, Brookwood Resources Inc. and 567322 Ontario Limited.
Liberty Loan	1,000,000	549,151	- GSA - \$1.8 million fixed and floating demand debenture over the leases and wells of Liberty. - Pledge of security from Liberty.	Peter Budd (\$1.0 million limited guarantee) and 1782767 Ontario Inc. (\$1.0 million limited guarantee).
ON-Energy Loan 1	2,000,000	1,753,470	- GSA - \$2.8 million fixed and floating demand debenture over the leases and wells of ON-Energy.	Clearbeach (\$2.0 million) and Liberty (\$2.0 million)
ON-Energy Loan 2	2,500,000	2,500,000	- GSA - \$2.8 million fixed and floating demand debenture over the leases and wells of ON-Energy.	Clearbeach (\$2.0 million) and Liberty (\$2.0 million)
Total	11,500,000	8,621,881		

- 33. Forbes is indebted to PACE pursuant to a loan agreement dated April 13, 2018 in the original amount of \$500,000 (the “Forbes PACE Loan”). The total indebtedness owing under the PACE Forbes Loan as at June 16, 2020 is approximately \$500,033. The Forbes PACE Loan is subject to a general security agreement (“GSA”) in favour of PACE to secure the advances of PACE under the Forbes PACE Loan (the “Forbes Security”). In addition, Jane Lowrie as well as a related entity have provided guarantees under the Forbes PACE Loan.
- 34. As of the date of this First Report, the Trustee has not reviewed, nor does it intend to instruct its counsel to review the Clearbeach Security or Forbes Security, if the proposed Bankruptcy Transition Order is granted by the Court. The proposed Bankruptcy Transition Order, if granted, provides that the Trustee is not required to obtain an opinion from legal counsel in the bankruptcy proceedings of either Clearbeach or Forbes with respect to the

validity and enforceability of the Clearbeach Security and the Forbes Security regarding the Property as against the Trustee.

35. Each of the Clearbeach PACE Loans and the Forbes PACE Loan are in default, either by way of the loan maturing without repayment of principal, arrears of interest, or a combination of both. Given the foregoing, PACE issued formal demands for repayment in respect of the Clearbeach PACE Loans and the Forbes PACE Loans (**collectively, the “Demands”**) and delivered notices of intention to enforce security pursuant to section 244(1) of the BIA on or about July 13, 2020, to each of Clearbeach and Forbes (**collectively, the “NITES”**). In addition, on July 16, 2020, PACE commenced the Receivership Application.

Crich Holdings Inc.

36. Clearbeach has secured obligations owing to **and Crich Holdings Inc.** (“Crich”) in the amount of approximately **\$6.4 million (the “Crich Indebtedness”)**. The Crich Indebtedness is in respect of secured loans and preferred shares supported by a gross overriding royalty and a GSA in favour of Crich.

Unsecured Creditors

37. In addition to the amounts owing to PACE, Crich and the MNRF, Clearbeach estimated that it had unsecured obligations totalling approximately \$1.9 million as at the Clearbeach Filing Date, primarily relating to municipal taxes and royalties to landowners.

V. BACKGROUND INFORMATION ON THE NOI PROCEEDINGS

38. As noted above, Clearbeach experienced declining financial performance and liquidity issues primarily as a result of decreasing commodity prices for oil and natural gas. As with many oil and gas companies, under the prevailing market conditions, Clearbeach was unable to support the level of debt it had when prices were more than double existing prices. As a result of these and other factors, Clearbeach was without the liquidity or collateral to service or refinance its debt with PACE and / or honour its obligations to other creditors, including Crich, several municipalities in respect of taxes, and certain landowners in respect of royalties. The inability to meet its obligations as they came due resulted in enforcement actions by multiple creditors, including PACE and certain municipalities for unpaid taxes, as well as **other threats of disruption to Clearbeach’s ongoing business (i.e. locking out by landowners)**.

Proposed Receivership

39. As noted above, the Clearbeach PACE Loans and the Forbes PACE Loan are in default and PACE delivered the Demands and NITES on or about July 13, 2020, to each of Clearbeach and Forbes. In connection with the

foregoing, on July 16, 2020, PACE commenced the Receivership Application. In response to the Receivership Application, Clearbeach and Forbes filed their NOIs on July 22 and 23, 2020, respectively, which, among other things, stayed the Receivership Application as against Clearbeach and Forbes. Eastern repaid its secured indebtedness owing to PACE prior to the return date of the Receivership Application.

40. During the ensuing days following the Filing Dates, the Proposal Trustee and its counsel, Borden Ladner Gervais LLP (“BLG”), engaged in discussions with **PACE’s counsel, Aird & Berlis LLP (“A&B”)**, in order to keep PACE apprised of **the Companies’ plans** / intentions with respect to the NOI Proceedings, **including Clearbeach’s** proposed plan to conduct a court-supervised sale process (the “NOI Sale Process”) **for the** assets of Clearbeach, as well as the **Clearbeach’s** intention to seek DIP or other financing to fund the NOI Sale Process and its operations during the NOI Proceedings.
41. Ultimately, PACE was not supportive of **the Companies’** proposed plans / intentions with respect to the NOI Proceedings and, accordingly, on August 7, 2020, PACE brought the August 7 Receivership Motion before the London Court. **As noted in the affidavit of Paul Waters sworn August 6, 2020 (the “August 6 Waters Affidavit”)** filed in support of the August 7 Receivership Motion, PACE would not support a sales process conducted by management of the Companies nor would it support any interim financing (by way of a DIP loan) that would prime the Clearbeach PACE Loans or the Forbes Pace Loan in a proceeding whereby current management remained in possession of its assets. Furthermore, as noted in the August 6 Waters Affidavit, there is no proposal for any sale or compromise of debt which the Companies, under their current management, could make to PACE which would be acceptable to PACE.
42. Without the support of PACE, the Companies were not in a position to present a viable proposal to creditors, and, accordingly, were left with little option but to work with PACE and its advisors with a view to facilitate an orderly transition into receivership. In that regard, following service of the August 7 Receivership Motion, the Companies, **with the assistance of its legal counsel, Bennett Jones LLP (“BJ”), the Proposal Trustee and BLG**, began working with A&B and BDO to address various transitional matters ahead of the expiry of the Stay Period, which was fast approaching. However, given the limited time available prior to the Stay Period expiry (August 22, 2020 in respect of Clearbeach and August 23, 2020 in respect of Forbes) and the nature and complexity of transitional issues that remained unresolved, the Companies, with the consent of PACE and the Proposal Trustee, brought identical motions for each of Clearbeach and Forbes seeking the NOI Stay Orders. As set out in the endorsement of Justice Dietrich dated August 20, 2020 (**the “August 20 Endorsement”**) in support of the NOI Stay Orders, the Court granted the NOI Stay for a brief period (estimated to be 7 to 14 days) to maintain the status quo and to permit the Companies, PACE and their respective advisors, time to further discuss an appropriate process going forward. A copy of the August 20 Endorsement is attached hereto as **Appendix “E”**.

43. Following the granting of the NOI Stay Orders, the Companies, BJ, the Proposal Trustee and BLG continued to work with A&B and BDO to facilitate diligence on the operations of Clearbeach and to continue to address transitional and other matters in preparation for the pending receivership.

The Notice of Abandonment and September 23, 2020 Hearing

44. On September 5, 2020, A&B, on behalf of PACE, scheduled a hearing before the Court for 12:00 pm on September 23, 2020 (**the “September 23 Hearing”**) for the purposes of seeking the relief requested in the August 7 Receivership Motion. Although the Companies and BDO continued working cooperatively to address transitional and other issues, the Proposal Trustee understands that, on or about September 21, 2020, A&B advised BJ that a short adjournment may be sought to provide PACE and its advisors additional time to, among other things, sort out certain matters pertaining to the proposed receivership.
45. Notwithstanding the foregoing, on the morning of September 23, 2020, A&B served on the service list in the NOI Proceedings, without any prior notice thereof, **a notice of abandonment (the “Notice of Abandonment”)**, abandoning the August 7 Receivership Motion. **A copy of the Notice of Abandonment is included as Exhibit “L”** to the Lowrie Affidavit.
46. Following receipt of the Notice of Abandonment, BJ, on behalf of the Companies, wrote to A&B to advise that, given the unexpected receipt of the Notice of Abandonment, the Companies would be seeking from the Court at the September 23 Hearing, an endorsement that the matters be put over for a period of approximately 10 days to facilitate an orderly transition and to provide the Companies the time needed to consider next steps.
47. After hearing counsel submissions at the September 23 Hearing, Justice Gilmore issued the September 23 Endorsement, which, among other things, granted a short extension of the NOI Stay and an adjournment of the matter to October 1, 2020. The extension was granted to allow an effective transition and discussions between counsel, **given the very recent notice of the abandonment of PACE’s receivership motion**. A copy of the September 23 Endorsement is attached hereto as Appendix “F”.

Further Extensions of the NOI Stay

48. With the abandonment of the receivership, the Companies, with the assistance of BJ, the Proposal Trustee and BLG, had to alter their focus towards effectively transitioning into bankruptcy. The Companies, the Proposal Trustee, and their respective advisors, engaged with key stakeholders regarding various options available and matters to be dealt with by Clearbeach and Forbes in the circumstance, including conducting a proposed court-supervised **sale process (the “Bankruptcy Sale Process”)** to seek interest in a transaction to acquire the Clearbeach assets, and operating / maintaining the Wells in accordance with provincial legislation.

49. In order to deal with the foregoing options / matters, which involved the coordination of and ongoing dialogue between several key stakeholders, additional time was needed than what was afforded by the NOI Stay extension provided for in the September 23 Endorsement. Accordingly, the Companies sought, with either the consent of all parties or on the basis that no parties opposed the relief sought, four additional extensions of the NOI Stay and adjournments of the matter, summarized as follows:

Endorsement Date	Judge	NOI Stay Expiry (unless extended by the Court)
October 1, 2020	Justice Conway	October 15, 2020
October 15, 2020	Justice Gilmore	October 29, 2020
October 29, 2020	Justice Cavanaugh	November 19, 2020
November 19, 2020	Justice Conway	December 17, 2020

50. Copies of the October 1 Endorsement, the October 15 Endorsement, the October 29 Endorsement and the November 19 Endorsement are attached hereto as Appendix “G”, “H”, “I” and “J”, respectively.
51. Following discussions and negotiations over the ensuing weeks between the Companies, BJ, the Proposal Trustee, BLG and A&B, it was ultimately clear that **the Companies’ and PACE would not reach an agreement on the terms for the Bankruptcy Sale Process (including the proposed funding thereof)**. In the circumstances, the Companies, with the support of the Proposal Trustee, are of the view that the only reasonable path forward is to commence bankruptcy proceedings pursuant to the provisions of the proposed Bankruptcy Transition Order, as discussed herein.

VI. PROPOSED BANKRUPTCY

52. The key components of the proposed Bankruptcy Transition Order are summarized as follows:
- (i) The bankruptcy proceedings of each of Clearbeach and Forbes are to commence on the date of the Bankruptcy Transition Order, if granted;
 - (ii) the Trustee will immediately **disclaim all interest in and to the Property, and will administer a “no-asset”** bankruptcy in accordance with the provisions of the BIA;

- (iii) The Trustee will be deemed not to take possession of any of the Property, nor will it assume any pre- or post-filing liability associated with taking possession of the Property;
- (iv) Clearbeach will enter into the Operating Agreement with Eastern. Eastern will operate, maintain and remediate each of the Wells in accordance with the terms of the Operating Agreement and provincial legislation. The Trustee will have no responsibility or obligation to ensure that the terms of the Operating Agreement and services contemplated thereunder are complied with or that the services are conducted in accordance with provincial legislation; and
- (v) The rights of PACE to appoint a receiver or to otherwise deal with its security will be unaffected by the proposed Bankruptcy Transition Order.

Proposal Trustee's Views on the Proposed Bankruptcy Proceedings

53. The Proposal Trustee is of the view that the **proposed plan for the Companies' bankruptcy proceedings and the provisions contemplated in the proposed Bankruptcy Transition Order** are reasonable and appropriate in the circumstances, for the following reasons:

- (i) As the estimated realizable value of the **Companies' assets, after considering the Companies' environmental obligations and secured indebtedness**, is expected to result in a shortfall to PACE, there is no expectation of any recoveries available for the benefit of any unsecured creditors. Accordingly, it would not be reasonable or appropriate for the Trustee to take possession of and / or expend estate funds to realize on the Property; and
- (ii) **The proposed Operating Agreement, if approved by the Court, is intended to address the MNRF's concerns** with respect to the responsible stewardship of the Wells and the various current and future environmental obligations associated with the Wells, which, if not addressed, could have devastating environmental and other impacts.

VII. THE OPERATING AGREEMENT

54. In light of **the Trustee's** intended disclaimer of the Property, the **Companies'** are seeking approval of the Operating Agreement to ensure that Clearbeach's ongoing environmental obligations can be complied with during its bankruptcy. As it is necessary to continue to maintain and remediate the Wells to ensure they do not leak oil, gas and brine into the environment, among other issues, Clearbeach is of the view that complying with these environmental obligations is of paramount importance. The Proposal Trustee shares this view.

55. As noted above, Clearbeach does not have any employees and, accordingly, it outsources operating, maintenance and rehabilitation services in respect of the Wells to Lagasco and Eastern. There is currently no contract in place between Clearbeach and Eastern for the provision of these services. In consideration of the existing and future environmental obligations associated with the Wells, Clearbeach and Eastern have negotiated the Operating Agreement to formalize their current arrangement, and allow Eastern to operate, maintain and rehabilitate the Wells during the bankruptcy.
56. The key components of the Operating Agreement are as follows:
- (i) *Services* – Eastern will provide various operations, maintenance, administrative and rehabilitation services for the Wells, including (a) servicing and maintenance of wells, including chemical treatments, hot watering, brine hauling, well workovers, crane work, and all repairs necessary to maintain the Wells on a daily basis, (b) accounting and production monitoring, (c) operations management services, (d) leasing and royalty management services, (e) communications, reporting and relationship management with the MNRF and municipalities, as needed, (f) accounting management services and (g) all major workovers, plugging and remediation work required, which will be funded under a separate budget with the prior consent of Clearbeach (**collectively, the “Services”**);
 - (ii) *Fees* – Clearbeach will pay to Eastern hourly fees for the Services plus ten percent (10%) for an overhead allowance and will reimburse Eastern for any out-of-pocket expenses and taxes incurred in the performance of the Services;
 - (iii) *Insurance* – Eastern must obtain / maintain adequate insurance;
 - (iv) *Termination* – Either Clearbeach or Eastern may terminate the Operating **Agreement upon thirty (30) days'** written notice, and Clearbeach will make payment to Eastern of all outstanding fees and expenses incurred up to the date of termination. Notwithstanding the foregoing, Eastern may, at their option, terminate the Services immediately upon notice to Clearbeach, if Clearbeach fails to make payment of any fees or other monies that are due to Eastern under the Operating Agreement;
 - (v) *Court Approval* – The Operating Agreement is conditional upon the Court providing authorization to Clearbeach to execute the Operating Agreement, failing which the Operating Agreement shall be of no force or effect;
 - (vi) *Effective Start Date* – The Operating Agreement will commence on the date that the Court provides authorization to Clearbeach to execute same; and

- (vii) *Term* – Subject to early termination in accordance with the Operating Agreement, the Operating Agreement will continue for the term of **Clearbeach's** bankruptcy.

Proposal Trustee's Views on the Operating Agreement

57. The Proposal Trustee is supportive of Clearbeach entering into the Operating Agreement with Eastern for the following reasons:

- (i) The terms under the Operating Agreement are commercially reasonable;
- (ii) Clearbeach is without the personnel to address the operating, maintenance, and rehabilitation work required to adequately address the environmental obligations associated with the Wells;
- (iii) Eastern is a low-cost provider of these required services and has the expertise, equipment, qualified staff and historical experience to operate, maintain and rehabilitate the Wells in a safe, environmentally responsible and commercially reasonable manner. As noted in the Lowrie Affidavit, Eastern has considerable experience in respect of these services – in addition to services provided to Clearbeach, it has conducted plugging for the MNRF Orphan Well Program and First Nations contracts; and
- (iv) **The Trustee's disclaimer of its interest in the Wells will leave the Wells abandoned.** The Operating Agreement provides for a formal arrangement to operate, maintain and rehabilitate the Wells as needed, avoiding potentially significant environmental issues and obligations to be borne by the MNRF.

58. In consideration of the foregoing, the Proposal Trustee is of the view that the Operating Agreement provides for the best alternative in the circumstances to address the responsible stewardship of and current and potential future environmental obligations associated with the Wells.

VIII. REIMBURSEMENT AND RELEASE OF SEIZED FUNDS

59. Clearbeach maintains a bank account at PACE (**the "PACE Account"**). The Proposal Trustee has been advised by the Companies that the following occurred with respect to the PACE Account after the Filing Dates:

- (i) on various dates between July 24 to October 25, 2020, a total of approximately \$232,731.05 was deposited into the PACE Account in respect of proceeds from the sale of oil and natural gas relating to two of **Clearbeach's customers (the "Oil and Gas Sale Proceeds")**, which funds are being withheld by PACE from Clearbeach; and

- (ii) on July 26, 2020, PACE withdrew \$60,957.83 from the PACE Account to service the Clearbeach PACE **Loans (the “Pre-Filing Debt Service Payment”)**, a portion of which was funded from the Oil and Gas Sale Proceeds.
60. The Proposal Trustee understands that PACE is holding the Oil and Gas Sale Proceeds despite requests made by Clearbeach to PACE to release them. As the Oil and Gas Sale Proceeds form a part of the Property, whereby any enforcement / action to seize same is subject to the **stay of proceedings pursuant to Clearbeach’s NOI and the NOI Stay, the Proposal Trustee is of the view that PACE’s withholding of the Oil and Gas Sale Proceeds** violates the automatic stay provisions of the BIA, particularly as provided for in sections 69 (1) of the BIA, and the NOI Stay. **It is the Proposal Trustee’s understanding that PACE’s withholding of the Oil and Gas Sale Proceeds have added to Clearbeach’s already dire liquidity situation, potentially causing harmful disruption to its business.** The lack of access to these funds has impeded **Clearbeach’s ability to meet certain of its critical obligations**, including the payment of post-filing royalties to landowners, and complying with the MNRF Orders, among others.
61. In consideration of the foregoing, the Proposal Trustee supports the **Companies’ request that the Court issue an order compelling PACE to surrender and return the Oil and Gas Sale Proceeds immediately upon the issuance of the Bankruptcy Transition Order, if granted. It is the Proposal Trustee’s understanding that the Oil and Gas Sale Proceeds are critical to Clearbeach in respect of meeting its environmental obligations, paying post-filing royalty obligations to landowners, making payments under the Operating Agreement and funding the administration costs of the proposed bankruptcy proceedings.**
62. The withdrawal of the Pre-Filing Debt Service Payment by PACE **is, in the Proposal Trustee’s view, a violation of the automatic stay of proceedings afforded to Clearbeach upon the filing of its NOI. Accordingly, the Companies are seeking, with the Proposal Trustee’s support, that the Court issue an order directing PACE to reimburse the Pre-Filing Debt Service Payment to Clearbeach, net of any Oil and Gas Sale Proceeds used to fund the Pre-Filing Debt Service Payment.**

IX. ACTIVITIES OF THE PROPOSAL TRUSTEE

63. Since the Filing Date, the **Proposal Trustee’s** activities have included:
- (i) providing notice to every known creditor of Clearbeach and Forbes, in the prescribed manner, and a copy of the Certificate of Filing of the NOIs pursuant to section 50.4(6) of the BIA;
 - (ii) assisting Clearbeach in implementing an appropriate accounting cut-off to ensure proper determination of pre- and post-filing obligations;

- (iii) assessing and monitoring the **Companies'** business and financial affairs;
- (iv) assisting each of Clearbeach and Forbes in filing a forecast of their respective receipts and disbursements **for the period July 24, 2020 to October 23, 2020 (collectively, the "Cash Flow Forecasts")**, and corresponding reports on the reasonableness of the Cash Flow Forecasts, each prepared in accordance with section 50.4(2) of the BIA;
- (v) monitoring of the **Companies'** cash flows and reviewing analyses on variances to the Cash Flow Forecasts;
- (vi) working with Clearbeach to design the proposed NOI Sale Process and Bankruptcy Sale Process;
- (vii) corresponding with the Companies and BJ regarding all matters in the NOI Proceedings, including the proposed NOI Sale Process and Bankruptcy Sale Process, the Cash Flow Forecasts, the Receivership Application and August 7 Receivership Motion, bankruptcy transition matters and **Clearbeach's** operations generally;
- (viii) corresponding with A&B and BDO regarding the proposed NOI Sale Process and Bankruptcy Sale Process, the Cash Flow Forecasts, transition and other matters in connection with the Receivership Application and August 7 Receivership Motion, bankruptcy transition matters and other matters pertaining to the NOI Proceedings;
- (ix) corresponding with BLG regarding all matters concerning the NOI Proceedings;
- (x) corresponding with MNRF regarding bankruptcy transition matters;
- (xi) responding to calls and enquiries from creditors and other stakeholders in connection with the **Company's** NOI proceedings;
- (xii) creating and maintaining the Proposal **Trustee's** Websites where copies of relevant documents in respect of the **Companies'** NOI proceedings have been made available;
- (xiii) attending at Court in connection with the NOI Stay Orders, as well as the case conferences in connection with all four extensions to the NOI Stay;
- (xiv) preparing this First Report; and
- (xv) dealing with other matters pertaining to the administration of the **Companies'** NOI proceedings.

X. **PROPOSAL TRUSTEE'S CONCLUSION** AND RECOMMENDATIONS

64. For the reasons set out in this First Report, the Proposal Trustee is of the view that the relief requested by the Company is both appropriate and reasonable. As such, the Proposal Trustee respectfully recommends that this Honourable Court grant the Bankruptcy Transition Order.

All of which is respectfully submitted this 11th day of December 2020.

RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.
AND NOT IN ITS PERSONAL CAPACITY

Per:



Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL



Adam Zeldin
CPA, CA, CIRP, LIT

Pace Savings & Credit Union Limited
Applicant

and Clearbeach Resources Inc., Forbes Resolution
Corp. and Eastern Oil Field Services Ltd.
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

FIRST REPORT OF THE PROPOSAL
TRUSTEE, RICHTER ADVISORY
GROUP INC.

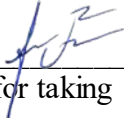
BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
East Tower, Bay Adelaide Centre
22 Adelaide St West #3400
Toronto, ON M5H 4E3

Roger Jaipargas
Tel: (416) 367-6266
Fax: (416) 361-7067
(LSO #43275C)

Lawyers for Richter Advisory Group Inc.

TAB B

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.

SUPPLEMENT TO THE FIRST REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.

DECEMBER 16, 2020

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II. PURPOSES OF THE SUPPLEMENTAL REPORT 1
III. THE MNRF LETTER..... 1
IV. PROPOSAL TRUSTEE’S RESPONSE TO MATTERS RAISED IN THE MNRF LETTER..... 2

APPENDICES

APPENDIX “A” – MNRF Letter dated December 14, 2020

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

CLEARBEACH RESOURCES INC., FORBES RESOURCES CORP. and
EASTERN OIL FIELD SERVICES LTD.

Respondents

APPLICATION UNDER SUBSECTION 47(1) AND 243(1) OF THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT,
R.S.O. 1990, c. C.43, AS AMENDED

SUPPLEMENT TO THE FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE

DECEMBER 16, 2020

I. INTRODUCTION

1. **This report (the “Supplemental Report”) supplement’s the first report of the Proposal Trustee dated December 11, 2020 (the “First Report”).**
2. The Supplemental Report is subject to the restrictions and qualifications set out in the First Report.
3. Capitalized terms not otherwise defined herein have the meaning provided to them in the First Report.

II. PURPOSES OF THE SUPPLEMENTAL REPORT

4. The First Report was filed with the Court to, among other things, provide background information about the Companies and their NOI Proceedings, provide an update on the **Proposal Trustee’s activities since the Filing Dates and support the Companies’ request for the Court to approve the Bankruptcy Transition Order.**
5. This Supplemental Report is filed by the Proposal Trustee to respond to certain matters raised in a letter from the MNRF dated December **14, 2020 (the “MNRF Letter”), which was issued to the Proposal Trustee** in response to the First Report. A copy of the MNRF Letter is attached hereto as **Appendix “A”**.

III. THE MNRF LETTER

6. The general purpose of the MNRF Letter is to request that the Proposal Trustee correct or clarify, in writing prior to the case conference scheduled for December 17, 2020 in respect of the NOI Proceedings, certain statements relating to the regulatory regime governing oil and gas wells in the Province of Ontario **(the “Province”)** that are included in the First Report. The statements that the MNRF has requested to be corrected or clarified relate to:
 - (i) **The ongoing and future regulatory obligations of Clearbeach, including the \$10.8 million asset retirement obligation (“ARO”) noted on the Clearbeach creditor list filed as part of its NOI proceedings;**
 - (ii) **the \$256,000 well bond included on Clearbeach’s unaudited balance sheet as at June 30, 2020 (the “Well Bond”); and**
 - (iii) **a statement, which was included in the Lowrie Affidavit, and cited as such in the First Report, that Eastern has conducted plugging for the “Orphan Well Program”, when in fact, Eastern provided services under the Province’s Abandoned Works Program.**
7. Each of the foregoing are discussed in further detail below.

IV. PROPOSAL TRUSTEE'S RESPONSE TO MATTERS RAISED IN THE MNRF LETTER

Regulatory Obligations and the ARO

8. As noted in the First Report and as indicated on Clearbeach's creditor list, Clearbeach estimates a total asset retirement obligation of approximately \$10.8 million (this figure has not been discounted to its present value). The First Report also discusses other known and potential regulatory obligations associated with the Wells.
9. The MNRF Letter states that **certain paragraphs in the First Report and Clearbeach's creditor list incorrectly indicate that the costs of Clearbeach's ongoing and future regulatory obligations, including its ARO, constitute a debt to the Province.** The MNRF Letter further states that Clearbeach does not owe the Province \$10.8 million and that, while Clearbeach may incur expenses in complying with its regulatory obligations, when and as these obligations become applicable (including costs associated with remediation and reclamation), these amounts are not payable to the Province and do not constitute a debt to the Province.
10. Pursuant to section 50.4(1) of the BIA, upon the filing of its NOI, Clearbeach was required to prepare a creditors list stating the names of the creditors with claims amounting to \$250 or more and the amounts of their claims as **known or shown by Clearbeach's books and records. The ARO is an obligation that is appropriately recorded on Clearbeach's financial statements.** Furthermore, as an explorer, developer and producer of oil and gas deposits in Ontario, Clearbeach's compliance with statutory and regulatory obligations, which include, among other things, the plugging of oil and gas wells that are no longer in use and certain other reporting and end of life / asset retirement obligations, is monitored and enforced by the MNRF. In consideration of the foregoing, Clearbeach **designated the MNRF as a creditor on the Clearbeach creditor list in respect of Clearbeach's ARO.**
11. The Proposal Trustee notes that the First Report does not state that the ARO is a debt currently owing to the MNRF. However, while the Proposal Trustee recognizes that **Clearbeach's ongoing and future regulatory obligations, including the ARO,** may not be debts currently owing to the MNRF, they represent potential future obligations of Clearbeach that may be owing in respect of remediation / reclamation costs associated with the Wells, which, in the event of an abandonment of the Wells, such obligations could be borne by the MNRF acting in the public interest. Accordingly, the Proposal Trustee is of the view that disclosing the nature and composition of these future obligations, as well as the stakeholders that are to be impacted by such obligations, is relevant in providing transparency into the financial affairs of Clearbeach for the benefit of all stakeholders.

The Well Bond

12. The MNRF Letter states that, pursuant to s. 16 (1) of the Ontario Regulation 245/97 to the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c P.12 (the “OSGRA”), every operator of a well in the Province is required to establish security in accordance with the provisions of that section. The security, which is in the form of a trust fund, is required for the purpose of providing financial assurance that wells will be plugged and works completed as required by legislation, regulation or an order. The MNRF Letter further states that these trust funds are posted with a trustee (in the case of Clearbeach, its legal counsel), not with the MNRF.
13. As a matter of clarification, the Well Bond, as disclosed on the June 30, 2020 unaudited balance sheet of Clearbeach, represents the following funds held in trust with **Clearbeach’s** legal counsel (not the MNRF), and posted as security in accordance with the OSGRA:

Entity	Amount (CAD, in 000s)
Clearbeach	70
ON-Energy	70
Liberty	70
Tribute Trust Fund	46
Total Well Bond	<u>256</u>

14. As noted above, the Well Bond includes trust funds in the amount of:
- (i) \$70,000 for each of Clearbeach, ON-Energy and Liberty; and
 - (ii) \$46,000 (the “Tribute Trust Fund”) in respect of wells purchased by Clearbeach and ON-Energy from **Tribute Resources Inc. (“Tribute”), an oil and gas company that owned oil and gas wells (the “Tribute Wells”).**
15. The Proposal Trustee has been advised by Clearbeach that, in accordance with the OSGRA, Tribute established a security in respect of the Tribute Wells in the form of a trust fund in the amount of \$70,000. However, Tribute subsequently sold a portion of the Tribute Wells to ON-Energy and Clearbeach and the balance of the Tribute **Wells to another entity, Bayfield Resources Inc. (“Bayfield”). The Tribute Trust Fund represents the trust funds** associated with the Tribute Wells that were sold to ON-Energy and Clearbeach (which, due to the amalgamation of ON-Energy and Clearbeach, are now all owned by Clearbeach). The Proposal Trustee has been further advised by Clearbeach that the balance of the trust fund in respect of the Tribute Wells has been allocated to Bayfield.

The Statement Regarding the Orphan Well Program

16. The Proposal Trustee recognizes this incorrect statement. However, the Proposal Trustee maintains its support for Clearbeach to enter into the Operating Agreement with Eastern on the basis that, among other things, Eastern has relevant historical experience with operating, maintaining and rehabilitating the Wells in a safe, environmentally responsible and commercially reasonable manner.

All of which is respectfully submitted this 16th day of December 2020.

RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.
AND NOT IN ITS PERSONAL CAPACITY

Per:



Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL



Adam Zeldin
CPA, CA, CIRP, LIT

Pace Savings & Credit Union Limited
Applicant

and Clearbeach Resources Inc., Forbes Resolution
Corp. and Eastern Oil Field Services Ltd.
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

SUPPLEMENT TO THE FIRST
REPORT OF THE PROPOSAL
TRUSTEE, RICHTER ADVISORY
GROUP INC.

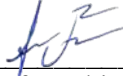
BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
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Toronto, ON M5H 4E3

Roger Jaipargas
Tel: (416) 367-6266
Fax: (416) 361-7067
(LSO #43275C)

Lawyers for Richter Advisory Group Inc.

TAB C

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

Request ID: 026118903
Transaction ID: 79186245
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:20
Page: 1

CORPORATION DOCUMENT LIST

Ontario Corporation Number

2620963

Corporation Name

FORBES RESOURCES CORP.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)	
CIA	CHANGE NOTICE PAF: MCCULLOUGH, TIM	1	2021/01/04	(ELECTRONIC FILING)
CIA	INITIAL RETURN PAF: MCCULLOUGH, TIM	1	2018/07/06	(ELECTRONIC FILING)
BCA	ARTICLES OF INCORPORATION	1	2018/02/16	(ELECTRONIC FILING)

THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

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Request ID: 026118901
Transaction ID: 79186242
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:11
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2620963	FORBES RESOURCES CORP.	2018/02/16
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
2807 WOODHULL ROAD		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
2807 WOODHULL ROAD		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00010	
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 026118901
Transaction ID: 79186242
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:11
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2620963

Corporation Name

FORBES RESOURCES CORP.

Corporate Name History

FORBES RESOURCES CORP.

Effective Date

2018/02/16

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

SCOTT
LEWIS

Address

114 BASE LINE ROAD EAST

LONDON
ONTARIO
CANADA N6C 2N8

Date Began

2018/02/16

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 026118901
Transaction ID: 79186242
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:11
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2620963

Corporation Name

FORBES RESOURCES CORP.

Administrator:

Name (Individual / Corporation)

SCOTT

LEWIS

Address

114 BASE LINE ROAD EAST

LONDON
ONTARIO
CANADA N6C 2N8

Date Began

2018/02/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 026118901
Transaction ID: 79186242
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:11
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2620963

Corporation Name

FORBES RESOURCES CORP.

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2021/01/04 (ELECTRONIC FILING)

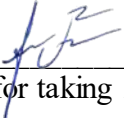
THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

TAB D

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

Request ID: 026118907
Transaction ID: 79186257
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:41
Page: 1

CORPORATION DOCUMENT LIST

Ontario Corporation Number

5013470

Corporation Name

CLEARBEACH RESOURCES INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
CIA	INITIAL RETURN PAF: MCCULLOUGH, TIM	1	2019/09/12 (ELECTRONIC FILING)
BCA	ARTICLES OF AMALGAMATION	4	2019/08/31

THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

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Request ID: 026118904
Transaction ID: 79186250
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:33
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
5013470	CLEARBEACH RESOURCES INC.	2019/08/31
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
2807 WOODHULL ROAD		NOT APPLICABLE
		Amalgamation Ind.
		A
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
2807 WOODHULL ROAD		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00010	
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 026118904
Transaction ID: 79186250
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:33
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

5013470

Corporation Name

CLEARBEACH RESOURCES INC.

Corporate Name History

CLEARBEACH RESOURCES INC.

Effective Date

2019/08/31

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Amalgamating Corporations

Corporation Name

CLEARBEACH RESOURCES INC.

ON-ENERGY CORP.

Corporate Number

1748874

5004913

Request ID: 026118904
Transaction ID: 79186250
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:33
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

5013470

Corporation Name

CLEARBEACH RESOURCES INC.

Administrator:

Name (Individual / Corporation)

JANE
E
LOWRIE

Address

2807 WOODHULL ROAD

LONDON
ONTARIO
CANADA N6K 4S4

Date Began

2019/08/31

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

JANE
E
LOWRIE

Address

2807 WOODHULL ROAD

LONDON
ONTARIO
CANADA N6K 4S4

Date Began

2019/08/31

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 026118904
Transaction ID: 79186250
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:33
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

5013470

Corporation Name

CLEARBEACH RESOURCES INC.

Administrator:

Name (Individual / Corporation)

JANE
E
LOWRIE

Address

2807 WOODHULL ROAD

LONDON
ONTARIO
CANADA N6K 4S4

Date Began

2019/08/31

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Request ID: 026118904
Transaction ID: 79186250
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/05/07
Time Report Produced: 10:33:33
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

5013470

Corporation Name

CLEARBEACH RESOURCES INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA INITIAL RETURN

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2019/09/12 (ELECTRONIC FILING)

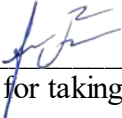
THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

T A B L E

THIS IS **EXHIBIT "E"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.



VARIABLE RATE BUSINESS LOAN AGREEMENT

AGREEMENT made this 7th day of August, 2014.

BETWEEN: CLEARBEACH RESOURCES INC.
(hereinafter called the "Member")

AND: ON-ENERGY CORP.
(hereinafter collectively and individually called the "Guarantor")

AND: BROOKWOOD RESOURCES INC.
(hereinafter collectively and individually called the "Guarantor")

AND: 567322 ONTARIO LIMITED
(hereinafter collectively and individually called the "Guarantor")

AND: PACE SAVINGS & CREDIT UNION LIMITED
(hereinafter called the "Credit Union")

WHEREAS the Member has applied to the Credit Union for a loan;

AND WHEREAS the Credit Union has agreed to extend credit to the Member on the terms and conditions set out in term sheet dated June 26, 2014 (the "Term Sheet") for the purposes set out in the Term Sheet, subject to the following terms and conditions;

NOW THEREFORE in consideration of the premises and the covenants, agreements, representations and warranties hereinafter set forth, the parties hereto agree as follows:

1. *Loan.* Upon execution of this Agreement the Credit Union establishes in favour of the Member a non-revolving term facility (the "Loan") in the amount of **SIX MILLION DOLLARS (\$6,000,000.00)**. The Loan is a non-revolving facility and, accordingly no amounts repaid under the Loan may be reborrowed under the Loan and the limit of the Loan will be automatically and permanently reduced by the amount of any repayment made thereunder.
2. *Term.* The outstanding amount under the Loan (together with all accrued interest and other amounts payable hereunder) shall be repaid in full upon the earlier of:
 - (a) August 26, 2019 (the "Maturity Date"); or
 - (b) the occurrence of an Event of Default.
3. *Interest.* Interest on the principal amount of the Loan and outstanding from time to time shall be calculated and accrue at a variable rate referred to in this Agreement as the "Variable Business Loan Rate". The Variable Business Loan Rate is equal to the PACE Base Rate as adjusted from time to time by the Credit Union, plus 0.00%. At the date of this Agreement the PACE Base Rate is **6.750%** per annum compounding monthly and the Variable Business Loan Rate, as determined above, is therefore **6.75%** per annum compounding monthly. Interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loan, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity. Upon any change in the PACE Base Rate the new Variable Business Loan Rate, as calculated above, shall immediately become effective and apply to this loan. The Member or Guarantor is liable to repay the loan together with interest at the changed rate. The Credit Union shall notify the Member, and Guarantor (if any), of any change in the Variable Business Loan Rate as soon as possible, but the accidental omission to give notice of any such change shall not excuse the Member or Guarantor from liability to repay the loan together with interest at the changed rate. In the event of default, the Member agrees to pay all legal fees and expenses (on a solicitor and client basis) incurred by the Credit Union in collecting the said loan and interest. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
4. *Repayment.* Subject to and in addition to the requirement for repayment in full pursuant to Sections 2 and 11 of this Agreement, the Member shall make monthly blended payments (principal and interest) in the sum of \$101,575.28 (the monthly payment) on the 26th day of each month until the full amount outstanding hereunder on account of the Loan has been paid. The first monthly payment shall be payable on the 26th of the month immediately following the date the advance was made by the Credit Union to the Member. The Loan is open for repayment at any time without notice or bonus.

5. *Application of Payments.* All payments made by the Member on account of the Loan shall be applied firstly on account of interest at the rate then in effect and secondly in reduction of the principal sum outstanding.
6. *Recordation.* The Credit Union shall open and maintain books of account evidencing all advances and all other amounts owing by the Member to the Credit Union under the Loan. The Credit Union shall enter in those books details of all amounts from time to time owing, paid or repaid by the Member, and this information shall constitute prima facie evidence of the obligations of the Member to the Credit Union under this Agreement with respect to all advances and all other amounts owing by the Member to the Credit Union under this Agreement. The failure of the Credit Union to correctly record any such amount or date shall not in any way affect the obligations of the Member to pay all amounts due to the Credit Union under this Agreement, pursuant to, and in accordance with this Agreement. After a request by the Member, the Credit Union shall promptly advise the Member of any entries made in the Credit Union's books of account. Acceptance by the Member, without dispute, of the periodic statements pertaining to this Loan acknowledges the liability of the Member for advances made during the period covered by such statement.
7. *Security.* The Loan shall be evidenced or secured by the security as provided and set out in the Term Sheet and as the Credit Union may request from time to time (the "Security") which shall be provided contemporaneously with the execution of this Agreement, and shall be in form and substance satisfactory to the Credit Union and shall be supported by all necessary resolutions and opinions (each in form and substance satisfactory to the Credit Union and the Credit Union's counsel). Furthermore, the Member and Guarantor (if any) acknowledge that the Credit Union has at all times a lien against shares in the Credit Union owned by the Member or Guarantor and against such monies on deposit by the Member or Guarantor with the Credit Union. If the Member is in default under this Agreement, the Credit Union may apply such shares and deposits to repayment of any balance outstanding and the Credit Union shall retain the right to recover from the Member or Guarantor any deficiency should the balance outstanding exceed the value of such shares and deposits.
8. *Warranties and Representations.* The Member and corporate Guarantor (if any) makes the following representations and warranties to Credit Union, which representations and warranties are deemed to be repeated as at the time of each advance hereunder:
 - (a) It is a corporation duly organized, validly existing and duly registered or qualified to carry on business in the Province of Ontario, and has all requisite corporate power and authority to own, lease and operate its property and to conduct its business as such is presently conducted and as proposed to be conducted.
 - (b) The execution, delivery and performance by it of this Agreement and any other documents to which it is a party have been duly executed and delivered by them and constitutes a legal, valid and binding obligation of each of them enforceable against each of them in accordance with its respective terms and have been duly authorized by all necessary actions of its directors and shareholders, and do not violate its constating documents or any applicable laws or agreements to which it subject or by which it is bound.
 - (c) Its most recent financial statements provided to Credit Union accurately present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements no material adverse change has occurred affecting its business or financial condition.
 - (d) There is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any environmental law or any release from its lands of a contaminant into the natural environment or which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any of Credit Union's security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to Credit Union .
 - (e) It has good and marketable title to all of its properties and assets, free and clear of any mortgages, liens, claims, loans or encumbrances, other than those created hereunder or as otherwise disclosed to and approved by the Credit Union.
 - (f) It is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws.
 - (g) It possesses all licenses, patents, trade-marks, service marks and copyrights, free from material restrictions, that are necessary for the ownership, maintenance and operation of its assets and businesses and it is not in violation of any rights of third parties with respect to any of the foregoing.
 - (h) No event has occurred which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any security agreement given in connection herewith.
 - (i) It has filed all material tax returns required to be filed by it, paid or made provision for payment of all taxes and claims ranking in priority to Credit Union's security (including interest and penalties) which are

due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested.

- (j) All information furnished by or on behalf of it in writing to the Credit Union in connection with the transaction contemplated hereby, is true and correct and does not omit any fact necessary in order to make such information not misleading.

9. *Conditions Precedent.* The availability and advance of the Loan hereunder is conditional upon the receipt of:

- (a) a duly executed copy of this Agreement;
- (b) the Security shall have been duly executed and delivered and, where required, registered;
- (c) such financial, corporate and other records or documents relating to Member and Guarantor, if any, as required by the Term Sheet and as the Credit Union may reasonably require have been delivered and approved by the Credit Union.

10. *Guarantor Provision.* In consideration of the Credit Union extending the Loan to the Member, and in addition to any guarantee and security agreement given by the Guarantor to the Credit Union, the Guarantor (and each of them jointly and severally, if more than one Guarantor) does hereby guarantee to the Credit Union repayment of the Loan including interest and costs as provided in this Agreement, as and when demanded by the Credit Union. In default of payment by the Member the Guarantor agrees that the balance then due shall be recoverable against the Guarantor. This guarantee shall be binding notwithstanding any extension of time for repayment or variation in the terms of payment which may be agreed upon between the Member and the Credit Union, and it shall not be necessary for the Credit Union to exhaust its recourse against the Member before being entitled to payment from the Guarantor.

11. *Event of Default.* Without limiting any other rights of the Credit Union under this Agreement, the Term Sheet, the Security and any other written agreement delivered in connection with the transaction hereof, if any one or more of the following events (herein an "Event of Default") has occurred and is continuing:

- (a) the failure by the Member or Guarantor, if any, to pay when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Credit Union;
- (b) the failure of the Member or Guarantor, if any, to observe or perform any covenant or obligation applicable to it under this Agreement, if the Member or Guarantor, if any, fails to remedy such default within the earlier of ten (10) days from the date:
 - (i) it becomes aware of the default; and
 - (ii) the Credit Union delivers written notice of the such default to the Member or Guarantor.
- (c) any default occurs under any other credit, loan or security agreement to which the Member or Guarantor, if any, is a party and such breach continues for ten (10) days after such Member or Guarantor shall have received written notice of same;
- (d) a petition, case or proceeding under the bankruptcy laws of Canada or similar laws of any foreign jurisdiction now or hereafter in effect or under any insolvency, arrangement, reorganization, moratorium, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed or commenced against the Member or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or the Member shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;
- (e) a receiver is appointed over any property of the Member or any judgment or order or process of any court becomes enforceable against the Member or any property of the Member or any creditor takes possession of any property of the Member;
- (f) any Security is or becomes illegal, invalid, prohibited or unenforceable and/or ceases to rank in the priority contemplated in the Term Sheet against the property charged thereunder;
- (g) any representation or warranty made by the Member or Guarantor, if any, herein or in any Security or in any certificate or other document delivered to the Credit Union in connection herewith is false or misleading in any material respect; or
- (h) in the opinion of the Credit Union, any adverse change has occurred in the financial condition or business of the Member or the Guarantor, if any, which may impair its ability or willingness to perform any of its obligations to the Credit Union or the Credit Union considers the security held to secure the Loan to be in jeopardy or the Credit Union considers itself insecure;


then, in such event, the Credit Union may, by written notice to the Member, declare the amount then outstanding under the Loan to be immediately due and payable. Upon receipt of such written notice, the Member shall immediately pay to the Credit Union all outstanding amounts under the Loan and all other obligations of the Member to the Credit Union in connection therewith. Upon a declaration that the Loan outstanding hereunder is immediately due and payable pursuant to this Section 11, the Credit Union may commence such legal action or proceedings as the Credit Union in its sole discretion deems expedient, including the commencement of enforcement proceedings under this Agreement, the Term Sheet, the Security and all other documents to be executed and delivered to the Credit Union by the Member or Guarantor, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Member and Guarantor. The rights and remedies of the Credit Union under the this Agreement, the Term Sheet and the Security are cumulative and are in addition to, and not in substitution for, any other rights or remedies.

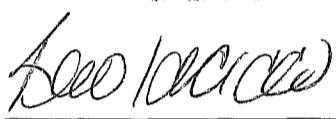
12. *Expenses.* The Member agrees to pay all fees (including legal fees on a solicitor and client basis), costs and expenses incurred by the Credit Union in connection with the preparation, negotiation and documentation of this Agreement and the Security, and the operation or enforcement of this Agreement and the Security. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including without limitation an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
13. *Review.* Credit Union may conduct periodic reviews of the affairs of Member, as and when determined by Credit Union, for the purpose of evaluating the financial condition of Member. Member shall make available to Credit Union such financial statements and other information and documentation as Credit Union may reasonably require and shall do all things reasonably necessary to facilitate such review. The Member also agrees to promptly notify the Credit Union of any change of circumstances which renders inaccurate any of the information given to the Credit Union in applying for this Loan.
14. *Survival of Representations and Warranties.* The representations and warranties contained herein or made pursuant to this Agreement, the Term Sheet and all Security shall survive until the termination of this Agreement.
15. *Entire Agreement.* This Agreement and all attachments hereto, the Term Sheet, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement among the parties with respect to the Loan herein and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the transaction herein.
16. *Counterparts.* This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement and shall become effective when all counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.
17. *Joint and Several.* Where more than one Person is liable as Member or Guarantor, if any, for any obligation under this Agreement, the liability of each such Person for such obligation is joint and several with each other such Person. Where this agreement is signed by more than one party as Member, advances may be made to or at the request of any one or more of them, and their liability shall be joint and several. Periodic statements or other notices may be sent to any one Member on behalf of all. Any reference in this Agreement to "Member" shall be construed as if to read "Member or any one or more of them".
18. *Limitation Act 2002 (Ontario).* The parties acknowledge that this agreement is made for business purposes and is a "business agreement" as defined in the Limitations Act, 2002 (the "Act") and that no limitation periods found in the Act, other than the ultimate limitation period found in Section 15 of the Act, shall apply to the obligations imposed by this agreement.
19. *Non-Merger.* The provisions of this Agreement shall not merge with the Term Sheet and any other Security provided to Credit Union, but shall continue in full force for the benefit of the parties hereto.
20. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with written or facsimile confirmation of receipt), telex or delivery by a reputable overnight commercial delivery service (delivery, postage or freight charges prepaid), or on the fourth day following deposit in the mail (if sent by registered or certified mail, return receipt requested, delivery, postage or freight charges prepaid), addressed to the Member and/or Guarantor at the addresses appearing in the Credit Union's records and files, and if to the Credit Union to the address noted herein.
21. *Amendments.* This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.
22. *Waivers.* No failure or delay on the part of the Credit Union in exercising any right or power hereunder or under any security document shall operate as a waiver thereof. Guarantor agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, Guarantor.

- 23. *Governing Law.* This Agreement and the rights and obligations of the parties hereunder shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein.
- 24. *Assignment.* Member shall not assign or transfer or permit the assignment or transfer of any of its rights or obligations under this Agreement without the prior written consent of Credit Union. Credit Union may assign all or part of its rights and obligations under this Agreement to any person. Credit Union may disclose to potential or actual assignees confidential information regarding Member (including any such information provided by Member to Credit Union) and shall not be liable for any such disclosure).
- 25. *Severability.* Any portion or provision of the Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining portions or provisions hereof in such jurisdiction or, to the extent permitted by law, rendering that or any other portion or provision of the Agreement invalid, illegal or unenforceable in any other jurisdiction.
- 26. *Binding Effect.* This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.
- 27. *Time of Essence.* Time shall be of the essence in all provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

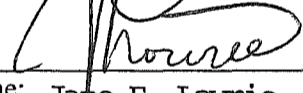
PACE SAVINGS & CREDIT UNION LIMITED

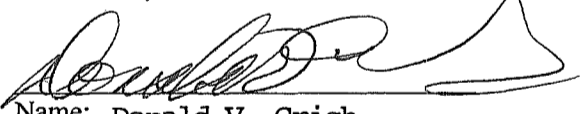
Per: 
 Name: MARY BENINCASA
 Title: CHIEF OPERATING OFFICER

Per: 
 Name: KIM COLACICCO
 Title: CORPORATE SECRETARY

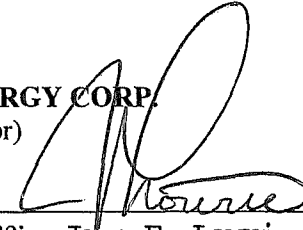
We have the authority to bind the corporation

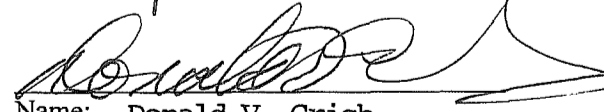
CLEARBEACH RESOURCES INC.

Per: 
 Name: Jane E. Lowrie
 Title: President

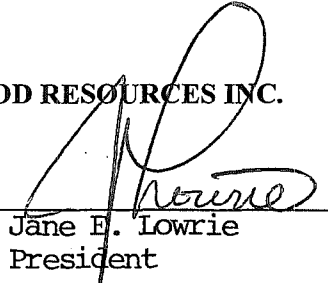
Per: 
 Name: Donald V. Crich
 Title: Secretary - Treasurer
 I/we have the authority to bind the corporation

ON-ENERGY CORP.
(Guarantor)

Per: 
 Name: Jane E. Lowrie
 Title: President

Per: 
 Name: Donald V. Crich
 Title: Vice-President
 I/we have the authority to bind the corporation

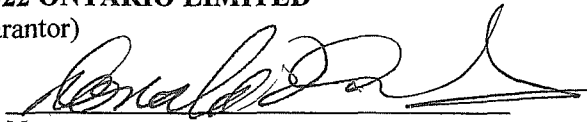
BROOKWOOD RESOURCES INC.
(Guarantor)

Per: 
Name: Jane E. Lowrie
Title: President

Per: n/a
Name:
Title:

I/we have the authority to bind the corporation

567322 ONTARIO LIMITED
(Guarantor)

Per: 
Name: Donald V. Crich
Title: President

Per: n/a
Name:
Title:

I/we have the authority to bind the corporation

AMENDING AGREEMENT

AGREEMENT made this day of December 2014.

BETWEEN: CLEARBEACH RESOURCES INC.
(hereinafter called the "Member")

AND: ON-ENERGY CORP.
(hereinafter collectively and individually called the "Guarantor")

AND: BROOKWOOD RESOURCES INC.
(hereinafter collectively and individually called the "Guarantor")

AND: 567322 ONTARIO LIMITED
(hereinafter collectively and individually called the "Guarantor")

AND: PACE SAVINGS & CREDIT UNION LIMITED
(hereinafter called the "Credit Union")

WHEREAS the Member, the Guarantors and the Credit Union entered into a Variable Rate Business Loan Agreement dated August 7, 2014 (the "Loan Agreement") pursuant to which the Credit Union agreed to extend to the Member the Loan:

AND WHEREAS as of November 26, 2014 the outstanding balance of the Loan is \$5,796,204.90:

AND WHEREAS The Member, the Guarantors and the Credit Union have agreed to amend the Loan Agreement as set out hereinafter;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of Two (\$2.00) Dollars now paid by each party to the other (the sufficiency of which is hereby acknowledged by each of the parties) the parties hereto hereby agree as hereinafter set out.

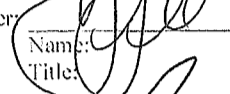
1. Unless otherwise indicated, all capitalized terms herein shall have the same meanings ascribed thereto in the Loan Agreement.
2. Section 4 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

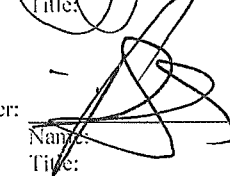
"4. Repayment. Subject to and in addition to the requirement for repayment in full pursuant to Sections 2 and 11 of this Agreement, the Member shall make monthly blended payments (principal and interest) in the sum of \$59,651.96 (the monthly payment) on the 26th day of each month until the full amount outstanding hereunder on account of the Loan has been paid. The first monthly payment shall be payable on the 26th of the month immediately following the date the advance was made by the Credit Union to the Member. The Loan is open for repayment at any time without notice or bonus."
3. Notwithstanding anything to the contrary provided herein or in the Loan Agreement, it is agreed that the monthly payment as amended herein shall commence with the monthly payment due and payable on December 26, 2014.
4. The parties confirm that in all other respects, the terms, covenants and conditions of the Loan Agreement, as may be further amended from time to time, remain unchanged and in full force and effect, except as modified by this Amending Agreement, and time shall remain of the essence.
5. This Amending Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.
6. This Amending Agreement may be signed in counterparts, each of which shall be deemed to be an original, but both such separate counterparts shall together constitute one and the same instrument.
7. Each party hereto shall, upon reasonable request of the other party, make, do, execute or cause to be made, done or executed, all such further and other lawful acts, deeds, things, agreements, devices and

assurances whatsoever for the better or more perfect and absolute performance of the terms and conditions of this Amending Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

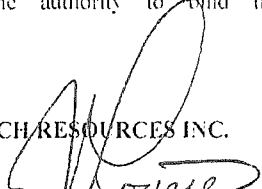
**PACE SAVINGS & CREDIT UNION
LIMITED**

Per: 
Name: _____
Title: _____ **HEATHER LEE**
VICE PRESIDENT CREDIT

Per: 
Name: _____
Title: _____ **PHILLIP SMITH**
CHIEF FINANCIAL OFFICER

We have the authority to bind the corporation

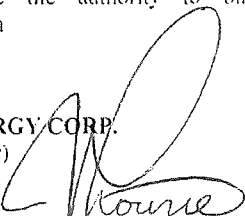
CLEARBEACH RESOURCES INC.

Per: 
Name: _____
Title: _____ **J. LOURIE**

Per: _____
Name: _____
Title: _____

I/we have the authority to bind the corporation

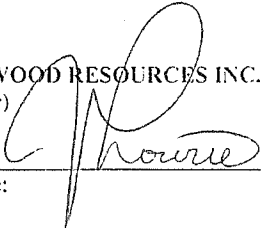
ON-ENERGY CORP.
(Guarantor)

Per: 
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/we have the authority to bind the corporation

BROOKWOOD RESOURCES INC.
(Guarantor)

Per: 
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/we have the authority to bind the corporation

567322 ONTARIO LIMITED
(Guarantor)

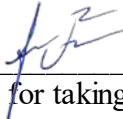
Per: _____
Name: _____
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Per: _____
Name: _____
Title: _____

I/we have the authority to bind the corporation

T A B F

THIS IS **EXHIBIT "F"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

VARIABLE RATE BUSINESS LOAN AGREEMENT

AGREEMENT made this 4th day of August 2016

BETWEEN: LIBERTY OIL & GAS LTD. & TRIBUTE RESOURCES INC.
(hereinafter called the "Member")

AND: PACE SAVINGS & CREDIT UNION LIMITED
(hereinafter called the "Credit Union")

WHEREAS the Member has applied to the Credit Union for a loan;

AND WHEREAS the Credit Union has agreed to extend credit to the Member on the terms and conditions set out in term sheet dated July 26, 2016 (the "Term Sheet") for the purposes set out in the Term Sheet, subject to the following terms and conditions;

NOW THEREFORE in consideration of the premises and the covenants, agreements, representations and warranties hereinafter set forth, the parties hereto agree as follows:

1. *Loan.* Upon execution of this Agreement the Credit Union establishes in favour of the Member a non-revolving term facility (the "Loan") in the amount of **\$1,000,000.00 (ONE MILLION DOLLARS)**. The Loan is a non-revolving facility and, accordingly no amounts repaid under the Loan may be reborrowed under the Loan and the limit of the Loan will be automatically and permanently reduced by the amount of any repayment made thereunder.
2. *Term.* The Loan (together with all accrued interest and all other amounts payable hereunder) shall be repaid in full on demand. If demand has not previously been made by the Credit Union, the outstanding amount under the Loan (together with all accrued interest and other amounts payable hereunder) shall be repaid in full upon the earlier of:
 - (a) August 4, 2021 (the "**Maturity Date**"); or
 - (b) the occurrence of an Event of Default.
3. *Interest.* Interest on the principal amount of the Loan and outstanding from time to time shall be calculated and accrue at a variable rate referred to in this Agreement as the "Variable Business Loan Rate". The Variable Business Loan Rate is equal to the PACE Base Rate as adjusted from time to time by the Credit Union, plus **0.50%**. At the date of this Agreement the Variable Loan Rate is **6.750%** per annum compounding monthly and the Variable Business Loan Rate, as determined above, is therefore **7.25 %** per annum compounding monthly. Interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loan, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity. Upon any change in the PACE Base Rate the new Variable Business Loan Rate, as calculated above, shall immediately become effective and apply to this loan. The Member or Guarantor is liable to repay the loan together with interest at the changed rate. The Credit Union shall notify the Member, and Guarantor (if any), of any change in the Variable Business Loan Rate as soon as possible, but the accidental omission to give notice of any such change shall not excuse the Member or Guarantor from liability to repay the loan together with interest at the changed rate. In the event of default, the Member agrees to pay all legal fees and expenses (on a solicitor and client basis) incurred by the Credit Union in collecting the said loan and interest. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
4. *Repayment.* Without limiting the right of the Credit Union to at any time demand repayment thereof and subject to and in addition to the requirement for repayment in full pursuant to Sections 2 and 11 of this Agreement, the Member shall make monthly blended payments (principal and interest) **in the sum of \$19,919.36** (the monthly payment) **on the 4th day of each month** until the full amount outstanding hereunder on account of the Loan has been paid. The first monthly payment shall be payable on the 4th day of the month immediately following the date the advance was made by the Credit Union to the Member.
5. *Application of Payments.* All payments made by the Member on account of the Loan shall be applied firstly on account of interest at the rate then in effect and secondly in reduction of the principal sum outstanding.
6. *Recordation.* The Credit Union shall open and maintain books of account evidencing all advances and all other amounts owing by the Member to the Credit Union under the Loan. The Credit Union shall enter in those books details of all amounts from time to time owing, paid or repaid by the Member, and this information shall constitute prima facie evidence of the obligations of the Member to the Credit Union under this Agreement with respect to all advances and all other amounts owing by the Member to the Credit Union under this Agreement. The failure of the Credit Union to correctly record any such amount or date shall not in any way affect the obligations of the Member to pay all amounts due to the Credit Union under this Agreement, pursuant to, and in accordance with this Agreement. After a request by the Member, the Credit Union shall promptly advise the Member of any entries

made in the Credit Union's books of account. Acceptance by the Member, without dispute, of the periodic statements pertaining to this Loan acknowledges the liability of the Member for advances made during the period covered by such statement.

7. *Security.* The Loan shall be evidenced or secured by the security as provided and set out in the Term Sheet and as the Credit Union may request from time to time (the "Security") which shall be provided contemporaneously with the execution of this Agreement, and shall be in form and substance satisfactory to the Credit Union and shall be supported by all necessary resolutions and opinions (each in form and substance satisfactory to the Credit Union and the Credit Union's counsel). Furthermore, the Member and Guarantor (if any) acknowledge that the Credit Union has at all times a lien against shares in the Credit Union owned by the Member or Guarantor and against such monies on deposit by the Member or Guarantor with the Credit Union. If the Member is in default under this Agreement, the Credit Union may apply such shares and deposits to repayment of any balance outstanding and the Credit Union shall retain the right to recover from the Member or Guarantor any deficiency should the balance outstanding exceed the value of such shares and deposits.
8. *Warranties and Representations.* The Member and corporate Guarantor (if any) makes the following representations and warranties to Credit Union, which representations and warranties are deemed to be repeated as at the time of each advance hereunder:
 - (a) It is a corporation duly organized, validly existing and duly registered or qualified to carry on business in the Province of Ontario, and has all requisite corporate power and authority to own, lease and operate its property and to conduct its business as such is presently conducted and as proposed to be conducted.
 - (b) The execution, delivery and performance by it of this Agreement and any other documents to which it is a party have been duly executed and delivered by them and constitutes a legal, valid and binding obligation of each of them enforceable against each of them in accordance with its respective terms and have been duly authorized by all necessary actions of its directors and shareholders, and do not violate its constituting documents or any applicable laws or agreements to which it is subject or by which it is bound.
 - (c) Its most recent financial statements provided to Credit Union accurately present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements no material adverse change has occurred affecting its business or financial condition.
 - (d) There is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any environmental law or any release from its lands of a contaminant into the natural environment or which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any of Credit Union's security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to Credit Union.
 - (e) It has good and marketable title to all of its properties and assets, free and clear of any mortgages, liens, claims, loans or encumbrances, other than those created hereunder or as otherwise disclosed to and approved by the Credit Union.
 - (f) It is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws.
 - (g) It possesses all licenses, patents, trade-marks, service marks and copyrights, free from material restrictions, that are necessary for the ownership, maintenance and operation of its assets and businesses and it is not in violation of any rights of third parties with respect to any of the foregoing.
 - (h) No event has occurred which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any security agreement given in connection herewith.
 - (i) It has filed all material tax returns required to be filed by it, paid or made provision for payment of all taxes and claims ranking in priority to Credit Union's security (including interest and penalties) which are due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested.
 - (j) All information furnished by or on behalf of it in writing to the Credit Union in connection with the transaction contemplated hereby, is true and correct and does not omit any fact necessary in order to make such information not misleading.
9. *Conditions Precedent.* The availability and advance of the Loan hereunder is conditional upon the receipt of:
 - (a) a duly executed copy of this Agreement;
 - (b) the Security shall have been duly executed and delivered and, where required, registered;

(c) such financial, corporate and other records or documents relating to Member and Guarantor, if any, as required by the Term Sheet and as the Credit Union may reasonably require have been delivered and approved by the Credit Union.

10. *Guarantor Provision.* In consideration of the Credit Union extending the Loan to the Member, and in addition to any guarantee and security agreement given by the Guarantor to the Credit Union, the Guarantor (and each of them jointly and severally, if more than one Guarantor) does hereby guarantee to the Credit Union repayment of the Loan including interest and costs as provided in this Agreement, as and when demanded by the Credit Union. In default of payment by the Member the Guarantor agrees that the balance then due shall be recoverable against the Guarantor. This guarantee shall be binding notwithstanding any extension of time for repayment or variation in the terms of payment which may be agreed upon between the Member and the Credit Union, and it shall not be necessary for the Credit Union to exhaust its recourse against the Member before being entitled to payment from the Guarantor.

11. *Event of Default.* Without limiting any other rights of the Credit Union under this Agreement, the Term Sheet, the Security and any other written agreement delivered in connection with the transaction hereof, if any one or more of the following events (herein an "Event of Default") has occurred and is continuing:

- (a) the failure by the Member or Guarantor, if any, to pay when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Credit Union;
- (b) the failure of the Member or Guarantor, if any, to observe or perform any covenant or obligation applicable to it under this Agreement, if the Member or Guarantor, if any, fails to remedy such default within the earlier of ten (10) days from the date:
 - (i) it becomes aware of the default; and
 - (ii) the Credit Union delivers written notice of the such default to the Member or Guarantor.
- (c) any default occurs under any other credit, loan or security agreement to which the Member or Guarantor, if any, is a party and such breach continues for ten (10) days after such Member or Guarantor shall have received written notice of same;
- (d) a petition, case or proceeding under the bankruptcy laws of Canada or similar laws of any foreign jurisdiction now or hereafter in effect or under any insolvency, arrangement, reorganization, moratorium, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed or commenced against the Member or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or the Member shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;
- (e) a receiver is appointed over any property of the Member or any judgment or order or process of any court becomes enforceable against the Member or any property of the Member or any creditor takes possession of any property of the Member;
- (f) any Security is or becomes illegal, invalid, prohibited or unenforceable and/or ceases to rank in the priority contemplated in the Term Sheet against the property charged thereunder;
- (g) any representation or warranty made by the Member or Guarantor, if any, herein or in any Security or in any certificate or other document delivered to the Credit Union in connection herewith is false or misleading in any material respect; or
- (h) in the opinion of the Credit Union, any adverse change has occurred in the financial condition or business of the Member or the Guarantor, if any, which may impair its ability or willingness to perform any of its obligations to the Credit Union or the Credit Union considers the security held to secure the Loan to be in jeopardy or the Credit Union considers itself insecure;

then, in such event, the Credit Union may, by written notice to the Member, declare the amount then outstanding under the Loan to be immediately due and payable. Upon receipt of such written notice, the Member shall immediately pay to the Credit Union all outstanding amounts under the Loan and all other obligations of the Member to the Credit Union in connection therewith. Upon a declaration that the Loan outstanding hereunder is immediately due and payable pursuant to this Section 11, the Credit Union may commence such legal action or proceedings as the Credit Union in its sole discretion deems expedient, including the commencement of enforcement proceedings under this Agreement, the Term Sheet, the Security and all other documents to be executed and delivered to the Credit Union by the Member or Guarantor, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Member and Guarantor. The rights and remedies of the Credit Union under the this Agreement, the Term Sheet and the Security are cumulative and are in addition to, and not in substitution for, any other rights or remedies.

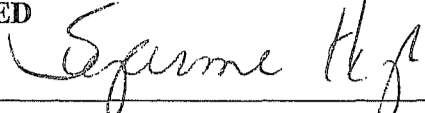
12. *Expenses.* The Member agrees to pay all fees (including legal fees on a solicitor and client basis), costs and expenses incurred by the Credit Union in connection with the preparation, negotiation and documentation of this Agreement and the Security, and the operation or enforcement of this Agreement and the Security. In addition to

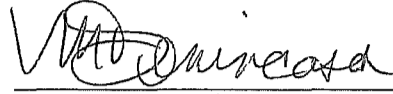
any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including without limitation an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.

13. *Review.* Credit Union may conduct periodic reviews of the affairs of Member, as and when determined by Credit Union, for the purpose of evaluating the financial condition of Member. Member shall make available to Credit Union such financial statements and other information and documentation as Credit Union may reasonably require and shall do all things reasonably necessary to facilitate such review. The Member also agrees to promptly notify the Credit Union of any change of circumstances which renders inaccurate any of the information given to the Credit Union in applying for this Loan.
14. *Survival of Representations and Warranties.* The representations and warranties contained herein or made pursuant to this Agreement, the Term Sheet and all Security shall survive until the termination of this Agreement.
15. *Entire Agreement.* This Agreement and all attachments hereto, the Term Sheet, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement among the parties with respect to the Loan herein and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the transaction herein.
16. *Counterparts.* This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement and shall become effective when all counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.
17. *Joint and Several.* Where more than one Person is liable as Member or Guarantor, if any, for any obligation under this Agreement, the liability of each such Person for such obligation is joint and several with each other such Person. Where this agreement is signed by more than one party as Member, advances may be made to or at the request of any one or more of them, and their liability shall be joint and several. Periodic statements or other notices may be sent to any one Member on behalf of all. Any reference in this Agreement to "Member" shall be construed as if to read "Member or any one or more of them".
18. *Limitation Act 2002 (Ontario).* The parties acknowledge that this agreement is made for business purposes and is a "business agreement" as defined in the Limitations Act, 2002 (the "Act") and that no limitation periods found in the Act, other than the ultimate limitation period found in Section 15 of the Act, shall apply to the obligations imposed by this agreement.
19. *Non-Merger.* The provisions of this Agreement shall not merge with the Term Sheet and any other Security provided to Credit Union, but shall continue in full force for the benefit of the parties hereto.
20. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with written or facsimile confirmation of receipt), telex or delivery by a reputable overnight commercial delivery service (delivery, postage or freight charges prepaid), or on the fourth day following deposit in the mail (if sent by registered or certified mail, return receipt requested, delivery, postage or freight charges prepaid), addressed to the Member and/or Guarantor at the addresses appearing in the Credit Union's records and files, and if to the Credit Union to the address noted herein.
21. *Amendments.* This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.
22. *Waivers.* No failure or delay on the part of the Credit Union in exercising any right or power hereunder or under any security document shall operate as a waiver thereof. Guarantor agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, Guarantor.
23. *Governing Law.* This Agreement and the rights and obligations of the parties hereunder shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein.
24. *Assignment.* Member shall not assign or transfer or permit the assignment or transfer of any of its rights or obligations under this Agreement without the prior written consent of Credit Union. Credit Union may assign all or part of its rights and obligations under this Agreement to any person. Credit Union may disclose to potential or actual assignees confidential information regarding Member (including any such information provided by Member to Credit Union) and shall not be liable for any such disclosure).
25. *Severability.* Any portion or provision of the Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining portions or provisions hereof in such jurisdiction or, to the extent permitted by law, rendering that or any other portion or provision of the Agreement invalid, illegal or unenforceable in any other jurisdiction.
26. *Binding Effect.* This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.
27. *Time of Essence.* Time shall be of the essence in all provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

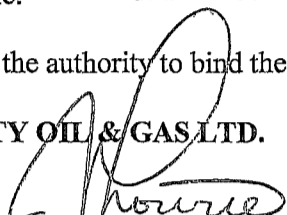
**PACE SAVINGS & CREDIT UNION
LIMITED**

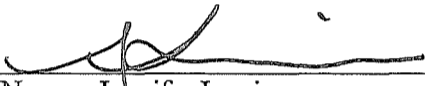
Per: 
Name: SUZANNE HYDE
Title: MANAGER, COMMERCIAL SPECIAL LOANS

Per: 
Name: MARY BENINCASA
Title: CHIEF OPERATING OFFICER

We have the authority to bind the corporation

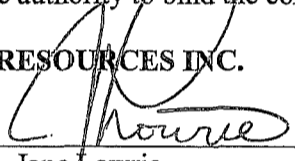
LIBERTY OIL & GAS LTD.

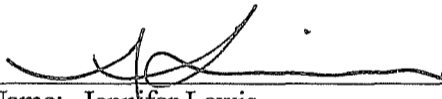
Per: 
Name: Jane Lowrie
Title: President

Per: 
Name: Jennifer Lewis
Title: Secretary Treasurer

I/we have the authority to bind the corporation

TRIBUTE RESOURCES INC.

Per: 
Name: Jane Lowrie
Title: President

Per: 
Name: Jennifer Lewis
Title: CFO

I/we have the authority to bind the corporation

4/26/18

LOAN AMENDING AGREEMENT

DATE: APRIL 23, 2018.

Between: PACE SAVINGS & CREDIT UNION LIMITED (the "Credit Union")

And: LIBERTY OIL & GAS LTD. (the Borrower")

Whereas there is a loan agreement, loan or credit facility (the "Loan") under which the Borrower is liable to the Credit Union, the Loan being more particularly described as follows:

- Original Date of the Loan: August 12, 2016
- Description: Corporate Loan Variable
- Original Principal Amount: \$1,000,000.00
- Balance of Principal Remaining Unpaid: \$706,475.39
- Original Terms for Repayment: Blended payments of \$19,919.36 on the 12th of each month

And whereas the Borrower has requested to change the date of payment;

Now therefore in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. New Repayment Requirements

- (a) Despite any previous agreement between the parties, The Borrower shall repay the Loan in accordance with the new repayment requirements set out in this section.
- (b) The Balance of Principal Remaining Unpaid on the Loan and interest thereon shall be repaid as follows:
 - on the same terms and conditions stipulated in the Loan except that the payment date shall be changed from the 12th day each month, to the 26th day each month, commencing May 26, 2018.

3. Interest

- (a) Nothing in this Agreement affects the Borrower's obligation to pay interest at the rate agreed with respect to the Balance of Principal Remaining Unpaid under the Loan (and on other amounts in respect of which interest is payable under the terms of the Loan) until such times as that balance is repaid, and all payments of interest shall be made punctually at the times and in the manner originally specified.
- (b) It is hereby understood and acknowledged that payments made pursuant to this Agreement shall be applied firstly to the payment of costs and fees, second on account of interest and third to the repayment of principal.

4. Non-Disturbance

Except as expressly provided in this Agreement, all terms and conditions set out in the original promissory note or agreement between the parties relating to the Loan, remain unaffected.

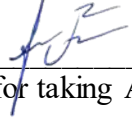
SIGNED, SEALED and DELIVERED as of the date first above written.

By [Signature]
Authorized Signing Official,

President
Title

TAB G

THIS IS **EXHIBIT "G"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

VARIABLE RATE BUSINESS LOAN AGREEMENT

AGREEMENT MADE THIS 18TH DAY OF DECEMBER, 2017

BETWEEN: ON-ENERGY CORP.
(hereinafter called the "Member")

AND: CLEARBEACH RESOURCES INC.
(hereinafter collectively and individually called the "Guarantor")

AND: JANE E. LOWRIE
(hereinafter collectively and individually called the "Guarantor")

AND: PACE SAVINGS & CREDIT UNION LIMITED
(hereinafter called the "Credit Union")

WHEREAS the Member has applied to the Credit Union for a loan;

AND WHEREAS the Credit Union has agreed to extend credit to the Member on the terms and conditions set out in term sheet dated **December 14, 2017** (the "Term Sheet") for the purposes set out in the Term Sheet, subject to the following terms and conditions;

NOW THEREFORE in consideration of the premises and the covenants, agreements, representations and warranties hereinafter set forth, the parties hereto agree as follows:

1. *Loan.* Upon execution of this Agreement the Credit Union establishes in favour of the Member a non-revolving term facility (the "**Loan**") in the amount of **TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00)**. The Loan is a non-revolving facility and, accordingly no amounts repaid under the Loan may be reborrowed under the Loan and the limit of the Loan will be automatically and permanently reduced by the amount of any repayment made thereunder.
2. *Term.* The Loan (together with all accrued interest and all other amounts payable hereunder) shall be repaid in full on demand. If demand has not previously been made by the Credit Union, the outstanding amount under the Loan (together with all accrued interest and other amounts payable hereunder) shall be repaid in full upon the earlier of:
 - (a) **January 31, 2018** (the "**Maturity Date**"); or
 - (b) *the occurrence of an Event of Default.*
3. *Interest.* Interest on the principal amount of the Loan and outstanding from time to time shall be calculated and accrue at a variable rate referred to in this Agreement as the "Variable Business Loan Rate". The Variable Business Loan Rate is equal to the PACE Base Rate as adjusted from time to time by the Credit Union, **plus 0.500%**. At the date of this Agreement the Variable Loan Rate is **6.750%** per annum compounding monthly and the Variable Business Loan Rate, as determined above, is therefore **7.25%** per annum compounding monthly. Interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loan, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity. Upon any change in the PACE Base Rate the new Variable Business Loan Rate, as calculated above, shall immediately become effective and apply to this loan. The Member or Guarantor is liable to repay the loan together with interest at the changed rate. The Credit Union shall notify the Member, and Guarantor (if any), of any change in the Variable Business Loan Rate as soon as possible, but the accidental omission to give notice of any such change shall not excuse the Member or Guarantor from liability to repay the loan together with interest at the changed rate. In the event of default, the Member agrees to pay all legal fees and expenses (on a solicitor and client basis) incurred by the Credit Union in collecting the said loan and interest. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
4. *Repayment.* Without limiting the right of the Credit Union to at any time demand repayment thereof and subject to the requirement for repayment in full pursuant to Sections 2 and 11 of this Agreement.
5. *Application of Payments.* All payments made by the Member on account of the Loan shall be applied firstly on account of interest at the rate then in effect and secondly in reduction of the principal sum outstanding.
6. *Recordation.* The Credit Union shall open and maintain books of account evidencing all advances and all other

amounts owing by the Member to the Credit Union under the Loan. The Credit Union shall enter in those books details of all amounts from time to time owing, paid or repaid by the Member, and this information shall constitute prima facie evidence of the obligations of the Member to the Credit Union under this Agreement with respect to all advances and all other amounts owing by the Member to the Credit Union under this Agreement. The failure of the Credit Union to correctly record any such amount or date shall not in any way affect the obligations of the Member to pay all amounts due to the Credit Union under this Agreement, pursuant to, and in accordance with this Agreement. After a request by the Member, the Credit Union shall promptly advise the Member of any entries made in the Credit Union's books of account. Acceptance by the Member, without dispute, of the periodic statements pertaining to this Loan acknowledges the liability of the Member for advances made during the period covered by such statement.

7. *Security.* The Loan shall be evidenced or secured by the security as provided and set out in the Term Sheet and as the Credit Union may request from time to time (the "Security") which shall be provided contemporaneously with the execution of this Agreement, and shall be in form and substance satisfactory to the Credit Union and shall be supported by all necessary resolutions and opinions (each in form and substance satisfactory to the Credit Union and the Credit Union's counsel). Furthermore, the Member and Guarantor (if any) acknowledge that the Credit Union has at all times a lien against shares in the Credit Union owned by the Member or Guarantor and against such monies on deposit by the Member or Guarantor with the Credit Union. If the Member is in default under this Agreement, the Credit Union may apply such shares and deposits to repayment of any balance outstanding and the Credit Union shall retain the right to recover from the Member or Guarantor any deficiency should the balance outstanding exceed the value of such shares and deposits.
8. *Warranties and Representations.* The Member and corporate Guarantor (if any) makes the following representations and warranties to Credit Union, which representations and warranties are deemed to be repeated as at the time of each advance hereunder:
 - (a) It is a corporation duly organized, validly existing and duly registered or qualified to carry on business in the Province of Ontario, and has all requisite corporate power and authority to own, lease and operate its property and to conduct its business as such is presently conducted and as proposed to be conducted.
 - (b) The execution, delivery and performance by it of this Agreement and any other documents to which it is a party have been duly executed and delivered by them and constitutes a legal, valid and binding obligation of each of them enforceable against each of them in accordance with its respective terms and have been duly authorized by all necessary actions of its directors and shareholders, and do not violate its constating documents or any applicable laws or agreements to which it subject or by which it is bound.
 - (c) Its most recent financial statements provided to Credit Union accurately present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements no material adverse change has occurred affecting its business or financial condition.
 - (d) There is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any environmental law or any release from its lands of a contaminant into the natural environment or which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any of Credit Union's security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to Credit Union.
 - (e) It has good and marketable title to all of its properties and assets, free and clear of any mortgages, liens, claims, loans or encumbrances, other than those created hereunder or as otherwise disclosed to and approved by the Credit Union.
 - (f) It is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws.
 - (g) It possesses all licenses, patents, trade-marks, service marks and copyrights, free from material restrictions, that are necessary for the ownership, maintenance and operation of its assets and businesses and it is not in violation of any rights of third parties with respect to any of the foregoing.
 - (h) No event has occurred which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any security agreement given in connection herewith.
 - (i) It has filed all material tax returns required to be filed by it, paid or made provision for payment of all taxes and claims ranking in priority to Credit Union's security (including interest and penalties) which are due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested.

- (j) All information furnished by or on behalf of it in writing to the Credit Union in connection with the transaction contemplated hereby, is true and correct and does not omit any fact necessary in order to make such information not misleading.
9. *Conditions Precedent.* The availability and advance of the Loan hereunder is conditional upon the receipt of:
- (a) a duly executed copy of this Agreement;
 - (b) the Security shall have been duly executed and delivered and, where required, registered;
 - (c) such financial, corporate and other records or documents relating to Member and Guarantor, if any, as required by the Term Sheet and as the Credit Union may reasonably require have been delivered and approved by the Credit Union.
10. *Guarantor Provision.* In consideration of the Credit Union extending the Loan to the Member, and in addition to any guarantee and security agreement given by the Guarantor to the Credit Union, the Guarantor (and each of them jointly and severally, if more than one Guarantor) does hereby guarantee to the Credit Union repayment of the Loan including interest and costs as provided in this Agreement, as and when demanded by the Credit Union. In default of payment by the Member the Guarantor agrees that the balance then due shall be recoverable against the Guarantor. This guarantee shall be binding notwithstanding any extension of time for repayment or variation in the terms of payment which may be agreed upon between the Member and the Credit Union, and it shall not be necessary for the Credit Union to exhaust its recourse against the Member before being entitled to payment from the Guarantor.
11. *Event of Default.* Without limiting any other rights of the Credit Union under this Agreement, the Term Sheet, the Security and any other written agreement delivered in connection with the transaction hereof, if any one or more of the following events (herein an "Event of Default") has occurred and is continuing:
- (a) the failure by the Member or Guarantor, if any, to pay when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Credit Union;
 - (b) the failure of the Member or Guarantor, if any, to observe or perform any covenant or obligation applicable to it under this Agreement, if the Member or Guarantor, if any, fails to remedy such default within the earlier of ten (10) days from the date:
 - (i) it becomes aware of the default; and
 - (ii) the Credit Union delivers written notice of the such default to the Member or Guarantor.
 - (c) any default occurs under any other credit, loan or security agreement to which the Member or Guarantor, if any, is a party and such breach continues for ten (10) days after such Member or Guarantor shall have received written notice of same;
 - (d) a petition, case or proceeding under the bankruptcy laws of Canada or similar laws of any foreign jurisdiction now or hereafter in effect or under any insolvency, arrangement, reorganization, moratorium, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed or commenced against the Member or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or the Member shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;
 - (e) a receiver is appointed over any property of the Member or any judgment or order or process of any court becomes enforceable against the Member or any property of the Member or any creditor takes possession of any property of the Member;
 - (f) any Security is or becomes illegal, invalid, prohibited or unenforceable and/or ceases to rank in the priority contemplated in the Term Sheet against the property charged thereunder;
 - (g) any representation or warranty made by the Member or Guarantor, if any, herein or in any Security or in any certificate or other document delivered to the Credit Union in connection herewith is false or misleading in any material respect; or
 - (h) in the opinion of the Credit Union, any adverse change has occurred in the financial condition or business of the Member or the Guarantor, if any, which may impair its ability or willingness to perform any of its obligations to the Credit Union or the Credit Union considers the security held to secure the Loan to be in jeopardy or the Credit Union considers itself insecure;

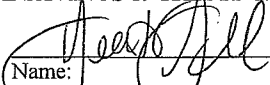
then, in such event, the Credit Union may, by written notice to the Member, declare the amount then outstanding under the Loan to be immediately due and payable. Upon receipt of such written notice, the Member shall immediately pay to the Credit Union all outstanding amounts under the Loan and all other obligations of the Member to the Credit Union in connection therewith. Upon a declaration that the Loan outstanding hereunder is immediately due and payable pursuant to this Section 11, the Credit Union may commence such legal action or proceedings as the Credit Union in its sole discretion deems expedient, including the commencement of enforcement proceedings under this Agreement, the Term Sheet, the Security and all other documents to be executed and delivered to the Credit Union by the Member or Guarantor, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Member and Guarantor. The rights and remedies of the Credit Union under the this Agreement, the Term Sheet and the Security are cumulative and are in addition to, and not in substitution for, any other rights or remedies.

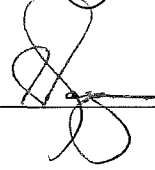
12. *Expenses.* The Member agrees to pay all fees (including legal fees on a solicitor and client basis), costs and expenses incurred by the Credit Union in connection with the preparation, negotiation and documentation of this Agreement and the Security, and the operation or enforcement of this Agreement and the Security. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including without limitation an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
13. *Review.* Credit Union may conduct periodic reviews of the affairs of Member, as and when determined by Credit Union, for the purpose of evaluating the financial condition of Member. Member shall make available to Credit Union such financial statements and other information and documentation as Credit Union may reasonably require and shall do all things reasonably necessary to facilitate such review. The Member also agrees to promptly notify the Credit Union of any change of circumstances which renders inaccurate any of the information given to the Credit Union in applying for this Loan.
14. *Survival of Representations and Warranties.* The representations and warranties contained herein or made pursuant to this Agreement, the Term Sheet and all Security shall survive until the termination of this Agreement.
15. *Entire Agreement.* This Agreement and all attachments hereto, the Term Sheet, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement among the parties with respect to the Loan herein and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the transaction herein.
16. *Counterparts.* This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement and shall become effective when all counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.
17. *Joint and Several.* Where more than one Person is liable as Member or Guarantor, if any, for any obligation under this Agreement, the liability of each such Person for such obligation is joint and several with each other such Person. Where this agreement is signed by more than one party as Member, advances may be made to or at the request of any one or more of them, and their liability shall be joint and several. Periodic statements or other notices may be sent to any one Member on behalf of all. Any reference in this Agreement to "Member" shall be construed as if to read "Member or any one or more of them".
18. *Limitation Act 2002 (Ontario).* The parties acknowledge that this agreement is made for business purposes and is a "business agreement" as defined in the Limitations Act, 2002 (the "Act") and that no limitation periods found in the Act, other than the ultimate limitation period found in Section 15 of the Act, shall apply to the obligations imposed by this agreement.
19. *Non-Merger.* The provisions of this Agreement shall not merge with the Term Sheet and any other Security provided to Credit Union, but shall continue in full force for the benefit of the parties hereto.
20. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with written or facsimile confirmation of receipt), telex or delivery by a reputable overnight commercial delivery service (delivery, postage or freight charges prepaid), or on the fourth day following deposit in the mail (if sent by registered or certified mail, return receipt requested, delivery, postage or freight charges prepaid), addressed to the Member and/or Guarantor at the addresses appearing in the Credit Union's records and files, and if to the Credit Union to the address noted herein.
21. *Amendments.* This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.
22. *Waivers.* No failure or delay on the part of the Credit Union in exercising any right or power hereunder or under any security document shall operate as a waiver thereof. Guarantor agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, Guarantor.

- 23. *Governing Law.* This Agreement and the rights and obligations of the parties hereunder shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein.
- 24. *Assignment.* Member shall not assign or transfer or permit the assignment or transfer of any of its rights or obligations under this Agreement without the prior written consent of Credit Union. Credit Union may assign all or part of its rights and obligations under this Agreement to any person. Credit Union may disclose to potential or actual assignees confidential information regarding Member (including any such information provided by Member to Credit Union) and shall not be liable for any such disclosure).
- 25. *Severability.* Any portion or provision of the Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining portions or provisions hereof in such jurisdiction or, to the extent permitted by law, rendering that or any other portion or provision of the Agreement invalid, illegal or unenforceable in any other jurisdiction.
- 26. *Binding Effect.* This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.
- 27. *Time of Essence.* Time shall be of the essence in all provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

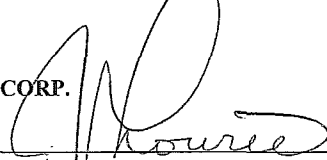
PACE SAVINGS & CREDIT UNION LIMITED

Per: 
 Name: _____
 Title: _____

Per: 
 Name: _____
 Title: _____

We have the authority to bind the corporation

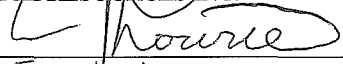
ON-ENERGY CORP.

Per: 
 Name: Jane Lowrie
 Title: President

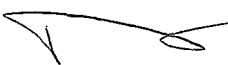
Per: _____
 Name: _____
 Title: _____

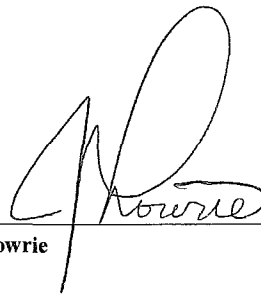
I/we have the authority to bind the corporation

CLEARBEACH RESOURCES INC.

Per: 
 Name: Jane Lowrie
 Title: President

Per: _____
 Name: _____
 Title: _____


 Witness


 Jane E. Lowrie

476486

LOAN AMENDING AGREEMENT

DATE: APRIL 23, 2018.

Between: PACE SAVINGS & CREDIT UNION LIMITED (the "Credit Union")

And: ON-ENERGY CORP. (the Borrower")

Whereas there is a loan agreement, loan or credit facility (the "Loan") under which the Borrower is liable to the Credit Union, the Loan being more particularly described as follows:

Original Date of the Loan: December 18, 2017

Description: Corporate Loan Variable

Original Principal Amount: \$2,500,000.00

Balance of Principal Remaining Unpaid: \$2,500,000.00

Original Terms for Repayment: Payments of Interest only on the 18th of each month

And whereas the Borrower has requested to change the date of payment;

Now therefore in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

I. New Repayment Requirements

- (a) Despite any previous agreement between the parties, The Borrower shall repay the Loan in accordance with the new repayment requirements set out in this section.
- (b) The Balance of Principal Remaining Unpaid on the Loan and interest thereon shall be repaid as follows:
 - on the same terms and conditions stipulated in the Loan except that the payment date shall be changed from the 18th day each month, to the 26th day each month, commencing May 26, 2018.

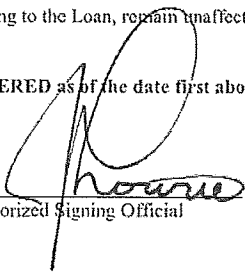
3. Interest

- (a) Nothing in this Agreement affects the Borrower's obligation to pay interest at the rate agreed with respect to the ~~Balance of Principal Remaining Unpaid under the Loan (and on other amounts in respect of which interest is~~ payable under the terms of the Loan) until such times as that balance is repaid, and all payments of interest shall be made punctually at the times and in the manner originally specified.
- (b) It is hereby understood and acknowledged that payments made pursuant to this Agreement shall be applied firstly to the payment of costs and fees, second on account of interest and third to the repayment of principal.


4. Non-Disturbance

Except as expressly provided in this Agreement, all terms and conditions set out in the original promissory note or agreement between the parties relating to the Loan, remain unaffected.

SIGNED, SEALED and DELIVERED as of the date first above written.

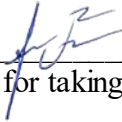
By 
Authorized Signing Official

Title


President

TAB H

THIS IS **EXHIBIT "H"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

CREDIT FACILITY AGREEMENT

Made as of the 15th day of February, 2018,

B E T W E E N :

ON-ENERGY CORP.

a corporation formed under the laws of Ontario,

(hereinafter referred to as the “**Borrower**”),

- and -

CLEARBEACH RESOURCES INC. and LIBERTY OIL & GAS LTD.

as guarantors,

(hereinafter referred to collectively as “**Guarantors**” and each of them “**Guarantor**”).

- and -

PACE SAVINGS & CREDIT UNION LIMITED

as lender,

(hereinafter referred to as the “**Lender**”).

WHEREAS the Borrower has requested that the Lender make available to the Borrower a term loan and the Lender has agreed to make such loan available to the Borrower upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, the covenants herein contained and other valuable consideration, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

“**Affiliate**” means an affiliated body corporate, partnership, joint venture or other entity and, for the purposes of this Agreement, (i) one body corporate, partnership, joint venture or other entity is affiliated with another if one such body corporate, partnership, joint venture or other entity is the Subsidiary of the other or both are Subsidiaries of the same body corporate, partnership, joint venture or other entity or each of them is controlled by the same Person and (ii) if two bodies corporate, partnerships, joint ventures or other entities are affiliated with the same body corporate, partnership, joint venture or other entity at the same time, they are deemed to be affiliated with each other;

“**Agreement**” means this agreement and all Schedules attached hereto as the same may be amended, restated, modified, replaced or superseded from time to time;

“**Applicable Law**” or “**Law**” means, with respect to any Person, property, transaction, condition or event, any present or future (i) domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, convention, rule, regulation, restriction or by-law (zoning or otherwise); (ii) judgment, order, writ, injunction, decision, direction, determination, ruling, decree or award; (iii) regulatory policy, practice, ruling, interpretation, guideline, requirement or directive; or (iv) Authorization, binding on or affecting the Person, property, transaction or event referred to in the context in which the term is used in each case whether or not having the force of law;

“**Arm’s Length**” has the meaning ascribed thereto for the purposes of the *Income Tax Act* (Canada) in effect as of the date hereof;

“**Assets**” means, with respect to any Person, any property, assets and undertakings of such Person of every kind and wheresoever situate, whether now owned or hereafter acquired (and, for greater certainty, includes any equity or like interest of any Person in any other Person);

“**Assumed Tribute Obligations**” means the obligations of Tribute Resources Inc. to the Lender which the Borrower assumed as part of the consideration for the transfer of Assets by Tribute Resources Inc. to the Borrower pursuant to an Asset Purchase and Sale Agreement dated July 1, 2017, as may be amended from time to time;

“**Authorization**” means, with respect to any Person, any order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, exemption, waiver, registration or other authorization of any Governmental Authority having jurisdiction over such Person or the property and assets of such Person, whether or not having the force of Law;

“**Banking Day**” means a day, other than a Saturday or a Sunday or other day on which banks are required or authorized to close in Toronto, Canada;

“**Borrower**” means On-Energy Corp. and its permitted successors and assigns;

“**Canadian Dollars**” means the lawful currency of Canada in immediately available funds;

“**Claim**” means, with respect to any Person, any actual or prospective action, suit, order, charge, penalty, claim, demand, litigation, investigation or proceeding of any kind or nature whatsoever against or otherwise involving such Person or the property or assets of such Person;

“**Closing Date**” means February _____, 2018;

“**Collateral**” means the Assets of the Borrower in respect of which the Lender has or will have a Security Interest pursuant to the Security Documents;

“**Constating Documents**” means, in the case of a corporation incorporated under the laws of the Province of Ontario or the federal laws of Canada, the articles (within the meaning of the Applicable Law) and the by-laws of the corporation; in the case of a partnership, the partnership

agreement and the limited partnership declaration, if applicable; in the case of a trust, the declaration of trust or trust deed;

“**Credit Parties**” means the Borrower and the Guarantors and “**Credit Party**” shall mean each one of them;

“**Debt**” of any Person means (without duplication) all obligations of such Person which in accordance with GAAP should be classified upon a balance sheet of such Person as liabilities of such Person;

“**Debt Service Coverage Ratio**” means, in respect of the Credit Parties, the amount determined at any time, in accordance with the formula A/B where for any period:

- (a) “A” is EBITDA of the Credit Parties; and
- (b) “B” is the aggregate amount of all interest payments and scheduled principal repayments and other financing charges paid (or payable), or projected to be payable, as the case may be, by the Credit Parties, during such period with respect to Debt, all as determined in accordance with GAAP;

“**Default**” means an event, condition or circumstance, the occurrence or non-occurrence of which would, with the giving of a notice, lapse of time, the making of any determination, or any combination thereof, constitute an Event of Default unless remedied within the prescribed delays or waived in writing by the Lender;

AEBITDA@ means, in respect of any fiscal period of the Credit Parties, the combined net income of the Credit Parties for such fiscal period before deduction of interest, income taxes, depreciation and amortization, and excluding any additions or subtractions arising from any extraordinary, unusual or non-recurring items and any unrealized losses or gains resulting from market to market foreign currency hedges, all without duplication all determined in accordance with GAAP;

“**Environmental Claims**” include, without limitation: (i) any Claim by any Governmental Authority instituted, pending or completed or, to the best of the knowledge of the Borrower, threatened or anticipated, pursuant to any Environmental Laws against the Borrower, the Property, any real property owned or leased by the Borrower or managed by or under control of the Borrower, other Assets of the Borrower or any other property that the Borrower had charge, management or control over; and (ii) any Claim made or, to the best of the knowledge of the Borrower, threatened or anticipated, by any third party against the Borrower, the Property or any Assets of the Borrower resulting from or relating to any Environmental Laws or any Hazardous Substance;

“**Environmental Laws**” means all Applicable Laws relating to the environment, occupational health and safety, Hazardous Substances, pollution or protection of the environment, including Applicable Laws relating to (i) on-site or off-site contamination; (ii) occupational health and safety relating to Hazardous Substances; (iii) chemical substances or products; (iv) Releases of Hazardous Substances into the environment; and (v) the manufacture, processing, distribution, use, treatment, storage, transport, disposal or handling of, or containment, investigation, clean-up or other remediation of or corrective action for Hazardous Substances;

“Environmental Permits” include all Authorizations issued to the Borrower pursuant to Environmental Laws and required for the design, siting, construction, connection, operation, maintenance, use, occupancy and upkeep or the use or ownership of any real property (including the Property) or other Assets of the Borrower;

“Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing;

“Event of Default” has the meaning specified in Section 8.1;

“Financial Statements” means, in respect of any particular Fiscal Year, accountant prepared minimum Review Engagement financial statements of the Borrower, as at the last day of such Fiscal Year, and the related income statements, cash flow statements and changes in shareholders’ equity for such Fiscal Year and the accompanying notes thereto of the Borrower, prepared in accordance with GAAP and setting forth in each case, in comparative form, figures for the corresponding period in the preceding Fiscal Year, all in reasonable detail and fairly presenting in all material respects the financial position and the results of operations of the Borrower as at the date thereof and for the Fiscal Year then ended, certified by the accountant.

“Financing Documents” shall mean this Agreement, the Initial Financing Agreement and the Security Documents;

“Fiscal Year” means, in respect of the Borrower, its fiscal year commencing on January 1 of each calendar year and ending on _____ of such calendar year;

“GAAP” means generally accepted accounting principles in effect from time to time in Canada, applicable to the relevant Person, applied in a consistent manner from period to period;

“Governmental Authority” means the government, parliament or legislature of Canada or any other nation, or of any political subdivision thereof, whether provincial, state, municipal or local, and any agency, authority, instrumentality, ministry, department, tribunal, regulatory body, Commission, board, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency;

“Guarantee” means the guarantee of each Guarantor to the Lender of the obligations of the Borrower;

“Guarantors” means Clearbeach Resources Inc. and Liberty Oil & Gas Ltd and **“Guarantor”** shall mean either one of them;

“Hazardous Substance” means any substance, material or waste regulated, listed or prohibited by Environmental Laws including: (i) those things included in the definition of “contaminants”,

“pollutants”, “substances”, “hazardous wastes”, “deleterious substances”, “dangerous goods”, “hazardous substances”, “toxic substances” or “waste” under Environmental Laws; or (ii) any substance, material or waste that is (a) petroleum hydrocarbons, (b) asbestos, (c) polychlorinated biphenyls, (d) metals, (e) polyaromatic hydrocarbons, (f) flammable explosives or (g) radioactive materials;

“**HST**” means any harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

“**Initial Financing Agreement**” mean the term sheet dated October 16, 2017 issued by the Lender to the Borrower, as may be amended from time to time;

“**Lease**” means each lease of the part of the Property between the Borrower, and the Property Owner pursuant to which the Borrower is permitted to use and occupy such respective part of the Property for the purpose of exploration for and development, production, processing, transportation and marketing of Petroleum Substances, as listed in Schedule A, and “**Leases**” means all of such leases;

“**Lien**” means any right to any property, or the income or benefits flowing therefrom, which secures an obligation due to a Person or a claim of such Person, whether such interest is based on the common law, statute or contract, and includes any security interest, hypothec, pledge, mortgage, privilege, prior claim, lien, charge, assignment, transfer, cession, encumbrance, capital lease, synthetic lease, instalment sale, conditional sale or trust receipt or a consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, servitudes, rights-of-way, covenants, conditions, restrictions and other title exceptions and encumbrances (including, with respect to Equity Securities, agreements having the effect of restricting the ability, in any material respect, of a Person to fulfill its obligations hereunder, voting trust agreements and all similar arrangements) affecting property;

“**Material Agreement**” means any agreement governing the constitution, management or operations of the Borrower, and any other agreement, contract or document which is material to the business, operations or financial condition of the Borrower or the breach, non-performance or cancellation of which or the failure of which to renew would reasonably be expected to have a material adverse effect and which cannot promptly be replaced by all alternative comparable contracts with comparable commercial terms, and “**Material Agreements**” means all of such agreements and documents;

“**Maturity Date**” means one (1) year from the Closing Date;

“**Obligations**” means, all of the Borrower’s present and future indebtedness, liabilities and obligations of any and every kind, nature or description whatsoever (whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured, in any currency and whether as principal debtor, guarantor, surety or otherwise, including any interest that accrues thereon or would accrue thereon but for the commencement of any case, proceeding or other action, whether voluntary or involuntary, relating to the bankruptcy, insolvency or reorganization whether or not allowed or allowable as a claim in any such case, proceeding or other action) to the Lender under, in connection with, relating to or with respect to each of the Financing Documents, and any unpaid balance thereof;

“Officer’s Certificate” means, in respect of any Person, a certificate signed by a Senior Officer of such Person;

“Payment Date” means the ___ day of each month and the date of any repayment or prepayment of the Term Loan;

“Permitted Debt” means:

- (a) Debt hereunder or under any other Financing Document;
- (b) trade accounts due and payable within 60 days that are unsecured obligations incurred in the ordinary course of business (but excluding Debt for borrowed money); and
- (c) Debt consented to in writing by the Lender from time to time;

“Permitted Lien” means, with respect to any Person:

- (a) Liens for Taxes, rates, assessments or other governmental charges or levies the payment of which is not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and in respect of which reserves have been maintained in accordance with GAAP;
- (b) undetermined or inchoate Liens, rights of distress and charges incidental to current operations which have not at such time been filed or exercised, or which relate to obligations not due or payable or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person and in respect of which reserves have been maintained in accordance with GAAP;
- (c) the Liens resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers’ compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, liens and claims incidental to current construction, mechanics’, warehousemen’s, carriers’ and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business;
- (d) Liens given to a public utility or any Governmental Authority when required by such utility or Governmental Authority in connection with the operations of that Person in the ordinary course of its business;
- (e) the Liens created by a judgment of a court of competent jurisdiction, as long as the judgment is being contested diligently and in good faith by appropriate proceedings by that Person and does not result in a Default or Event of Default;
- (f) the Liens created by the Security Documents for the benefit of the Lender;

- (g) statutory Liens incurred or pledges or deposits made in favour of a Governmental Authority to secure the performance of obligations of any Person under Environmental Laws to which any assets of such Person are subject, provided that no Default or Event of Default shall have occurred and be continuing; and
- (h) any other Liens expressly consented to in writing by all of the Lender;

“Person” means an individual, body corporate with or without share capital, partnership, limited partnership, joint venture, unincorporated association, syndicate, sole proprietorship, trust, pension fund, union, Governmental Authority and the heirs, beneficiaries, executors, legal personal representatives and administrators of an individual;

“PPSA” means the *Personal Property Security Act* (Ontario);

“Property” means any and all real property owned or leased by the Borrower, including without limitations the properties leased under the Leases;

“Property Owner” means the owner of each Property from time to time;

“Petroleum Substances” means petroleum, crude oil, crude bitumen, synthetic crude oil, oilsands, bituminous sands, natural gas, natural gas liquids, condensate, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbon or not, produced or producible in association with or derived from any of the foregoing, including hydrogen sulphide, sulphur and coke;

“Release” when used as a verb, includes release, spill, leak, emit, deposit, discharge, leach, migrate or disposal of a Hazardous Substance into the environment and the term “Release” when used as a noun has a correlative meaning;

“Security Documents” means the agreements described in Section 7.1 and any other security granted to the Lender as security for the obligations of the Borrower under this Agreement and the other Financing Documents including all guarantees and pledge agreements referred to therein;

“Security Interest” has the meaning given thereto in the PPSA;

“Senior Officer” means, in respect of any Person, the individual holding from time to time the position of the president, a vice-president, a director, the chief executive officer or the chief financial officer of that Person;

“Subsidiary” means, at any time, as to any Person, any corporation, company or other Person (other than a natural person), (i) if at such time the first mentioned Person owns, directly or indirectly, Equity Securities in such corporation, company or other Person having ordinary voting power to elect a majority of the board of directors or Persons performing similar functions for such corporation, company or other Person or (ii) such corporation, company or other Person is Controlled by the first mentioned Person;

“Taxes” includes all present and future income, corporation, capital gains, capital and value-added, harmonized sales taxes and goods and services taxes and all stamp and other taxes and

levies, imposts, deductions, duties, charges and withholdings whatsoever imposed by any Governmental Authority, together with interest thereon and penalties with respect thereto, if any, and charges, fees and other amounts made on or in respect thereof; and

“**Term Loan**” means the non-revolving term loan provided by the Lender to the Borrower hereunder in the maximum principal amount not to exceed \$2,000,000;

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of an index and headings are for convenience of reference only and shall not affect the construction or interpretation hereof. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section, paragraph or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

Words importing the singular number only shall include the plural and vice versa, and words importing any gender shall include all genders. The term “including” means “including without limitation”.

1.4 Accounting Terms and Practices

Unless otherwise provided herein, all accounting terms referred to herein shall be construed in accordance with GAAP and all financial data submitted pursuant to this Agreement shall be prepared in accordance with GAAP, consistently applied.

1.5 Non-Banking Days

Whenever any payment to be made hereunder is stated to be due or any action to be taken hereunder is stated to be required to be taken on a day other than a Banking Day, such payment shall be made or such action shall be taken on the next succeeding Banking Day and, in the case of the payment of any monetary amount, the extension of time shall be included for the purposes of computation of interest or fees thereon.

1.6 References to Time of Day

Except as otherwise specified herein, a time of day shall be construed as a reference to Toronto, Canada time.

1.7 Severability

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any Applicable Law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby.

1.8 Currency

All monetary amounts in this Agreement refer to Canadian Dollars unless otherwise specified.

ARTICLE 2 THE TERM LOAN

2.1 Term Loan

The Lender agrees to make available to the Borrower the Term Loan in a principal amount not to exceed \$2,000,000.00 on the terms and subject to the conditions set forth herein. The Term Loan shall be advanced in a single advance on the Closing Date, subject to the satisfaction of the conditions precedent in Section 4.1.

2.2 Purpose

The Term Loan is being made available to the Borrower by the Lender solely for the purpose of: (i) repayment of the balance of the Assumed Tribute Obligations in accordance with the statements attached hereto as Schedule "B"; (ii) repayment of the Clearbeach Loan (**NTD: requires definition**); and (iii) working capital.

2.3 Repayments and Monthly Payments

Provided that the Term Loan is not prepaid or earlier accelerated in accordance with Article 8, the Borrower shall pay to the Lender a monthly payment (which includes principal based on a 10-years amortization of the Term Loan, together with interest thereon in accordance with Section 2.5, payable in arrears on the Payment Day during the Term, with the balance of the principal amount outstanding under the Term Loan, together with all accrued and unpaid interest and fees thereon, to be paid on the Maturity Date. Based on the applicable Interest Rate as of the date hereof, the monthly payment is \$23,480.21.

2.4 Optional Prepayments

The Borrower may prepay the whole of the principal balance of the Term Loan, or any part thereof, at any time or times, by paying, in addition to such prepayment, all interest accrued to the date of such payment.

2.5 Interest

Interest shall accrue on the unpaid outstanding balance of the Term Loan at a variable rate equal to the Pace Base Rate PLUS 0.50% (the "**Interest Rate**") which interest shall be calculated and compounded monthly. At the date hereof the "Pace Base Rate" is 6.75% per annum compounding monthly and the applicable Interest Rate, as determined above, is therefore 7.25% per annum compounding monthly. Upon any change in the "Pace Base Rate" the new Interest Rate, as calculated above, shall immediately become effective and apply to the Term Loan. The Lender shall notify the Borrower, and Guarantor (if any), of any change in the Interest Rate as soon as possible, but the inadvertent omission to give notice of any such change shall not excuse the Borrower or Guarantor from liability to repay the Term Loan together with interest at the changed rate. Interest is payable both before and after any or all of default, demand and judgment. Any amount of principal and accrued interest which is not paid when due shall bear interest at the Interest Rate from the date on which such amount is due until such amount is paid in full, payable on demand.

**ARTICLE 3
GENERAL MATTERS RELATING TO THE TERM LOAN**

3.1 Method and Place of Payment

- (a) Each payment to be made by the Borrower under this Agreement shall be made without deduction, set-off or counterclaim.
- (b) All payments of principal, interest and fees hereunder shall be made for value at or before 12:00 noon (Toronto time) on the day such amount is due by deposit or transfer thereof to the account of the Lender maintained at the principal office of the Lender in Vaughan, Ontario or such other place as the Borrower and the Lender may from time to time agree. Payments received after such time shall be deemed to have been made on the next following Banking Day.

3.2 Criminal Rate of Interest

Notwithstanding the foregoing provisions of this Article 3, or any other provision of this Agreement, the Borrower shall in no event be obliged to make any payments of interest or other amounts payable to the Lender hereunder in excess of an amount or rate which would be prohibited by law or would result in the receipt by the Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

3.3 Compliance with the Interest Act (Canada)

For the purposes of this Agreement, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis of such determination.

**ARTICLE 4
CONDITIONS PRECEDENT**

4.1 Conditions for Closing

The obligation of the Lender to advance the Term Loan is subject to the following conditions being fulfilled or performed as of each of the date hereof and as of the Closing Date to the satisfaction of the Lender (including as to the form and substance of each document referred to in this Section 4.1):

- (a) This Agreement and each of the Financing Documents shall have been duly authorized, executed and delivered to the Lender by the Borrower and the other parties thereto, and shall constitute a legal, valid and binding obligation of the Borrower and such other parties;
- (b) The Lender shall be satisfied, acting reasonably, with its due diligence review of material issues related to the Borrower, the Borrower's business and operations,

the Borrower's Assets, and all other material environmental, engineering, interconnection, regulatory, permitting, real property, aboriginal and technical matters;

- (c) The Lender shall have received a certificate of a Senior Officer of each Credit Party addressed to the Lender, certifying (and where applicable, attaching certified copies of):
 - (i) its Constating Documents;
 - (ii) resolutions of its board of directors (or, where applicable, of similar authorizing groups) authorizing its execution, delivery and performance of the Financing Documents to which it is a party; and
 - (iii) the names and (in the case of Persons executing Financing Documents on behalf of such Person) true signatures of the directors, officers and other authorized signatories of such Person;
- (d) The Lender shall have received certificates of good standing or like certificates in respect of each Credit Party issued by appropriate government officials of its jurisdiction of organization;
- (e) The Financing Documents shall be in full force and effect;
- (f) A true, accurate and complete copy of each of the duly executed Material Agreements, in each case, together with all amendments thereto (including by way of side letters or otherwise), certified by appropriate officers of the Borrower, shall have been delivered to the Lender;
- (g) Each Credit Party shall have delivered to the Lender its unaudited balance sheet as at the Closing Date;
- (h) The Borrower shall deliver satisfactory evidence of insurance complying with the Lender's insurance requirements;
- (i) All fees and reimbursable expenses payable to the Lender and its advisors under the Financing Documents shall have been paid in full by the Borrower, or the Lender shall be satisfied that all such fees and expenses will be paid on the Closing Date from the proceeds of the advance of the Term Loan;
- (j) All registrations, filings or recordings necessary to preserve, protect or perfect the enforceability and first priority of the Liens created under or pursuant to the Security Documents (subject only to Permitted Liens) shall have been completed in all relevant jurisdictions;
- (k) All representations and warranties of each Credit Party contained in this Agreement and all representations of the Credit Parties contained in the Initial Financing Agreement shall be true and correct on and as of the Closing Date as though made on and as of such date, and the Lender shall have received a

certificate of a Senior Officer of each such Person certifying the same with respect to such Person;

- (l) No Default or Event of Default shall have occurred and be continuing, or would occur as a result of the entering into of this Agreement or the other Financing Documents, and the Lender shall have received an Officer's Certificate to such effect;
- (m) The Lender shall have received such "know your customer" documentation as the Lender may reasonably request; and
- (n) The Lender shall have received such other documents and deliverables that the Lender may request, acting reasonably, to address bona fide concerns of a secured lender that arise out of the bona fide due diligence findings of the Lender.

The conditions set forth in this Section 4.1 are inserted for the sole benefit of the Lender and may be waived by the Lender in writing, in whole or in part at any time, with or without terms or conditions.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Credit Parties

Each Credit Party represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties as an inducement to the entering into by them of this Agreement and to the advance of the Term Loan:

- (a) **Status.** It is a corporation duly created and validly existing under the laws of Ontario and has all necessary power and authority to operate and conduct its business as presently conducted and to own or lease its properties and assets in each jurisdiction where such properties and assets are situated or such business is conducted.
- (b) **Power and Authority.** it has full corporate power and authority to enter into the Financing Documents, and to do all acts and things and execute and deliver all documents as are required thereunder to be done, observed or performed by it in accordance with the terms thereof.
- (c) **Authorization and Enforceability.** The execution and delivery of this Agreement, each of the other Financing Documents and all documents, instruments and agreements required to be executed and delivered by the Credit Parties pursuant to the Financing Documents, and the performance of their respective obligations under the Financing Documents, have been duly authorized by all necessary corporate action on its part and constitutes a legal, valid and binding obligation enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application affecting the enforceability of remedies

and rights of creditors and except that equitable remedies such as specific performance and injunction are in the discretion of a court.

- (d) **Conflict with Constating Documents and Agreements.** Neither the execution and delivery of this Agreement or the Financing Documents nor the consummation by it of any of the transaction herein contemplated, nor compliance by it with the terms, conditions and provisions hereof and thereof, will conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (i) its respective Constating Documents;
 - (ii) any of its resolutions;
 - (iii) any other agreement, instrument or arrangement to which it is now a party or by which it or its properties are, or may be, bound, or will constitute a material default thereunder;
 - (iv) any judgment or order, writ, injunction or decree of any court; or
 - (v) any Applicable Law.
- (e) **Third Party Consents.** All required third party consents which are required with respect to (i) the execution and delivery by it of, and performance of its obligations under, the Financing Documents to which it is a party, and (ii) the assignment and grant of the security interests by it in its Assets in accordance with the Security Documents have been received.
- (f) **Liabilities.** It has no Debt except Permitted Debt and except in respect of liabilities that have arisen in the ordinary course of the management of its affairs, and it has no financial obligations other than Permitted Debt.
- (g) **Delivery of Agreements, etc.** The copy of its Constating Documents, together with all amendments thereto certified by appropriate officers and delivered to the Lender, are true and accurate. The Borrower has delivered to the Lender copies of all Material Agreements.
- (h) **Material Agreements.**
 - (i) As at the date hereof, except as disclosed to the Lender, the Borrower is not a party or otherwise subject to or bound or affected by any material agreement.
 - (ii) Each of the Material Agreements is in full force and effect, unamended except as permitted by Section 6.2(d) and constitutes a valid and legally binding obligation of each of the parties thereto, enforceable against each such party in accordance with their respective terms except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application affecting the enforceability of remedies and rights of creditors and except that equitable

remedies such as specific performance and injunction are in the discretion of a court. All obligations and covenants set forth in the Material Agreements required to be met or complied with have been met or complied with in all material respects.

- (i) **Financial Statements and No Material Adverse Effect.** The most recent financial statements delivered by it to the Lender fairly present in all material respects its financial condition as at such date and the results of its operations for the fiscal period then ended, in accordance with GAAP consistently applied; since the date of such financial statements, there has been no event which could reasonably be expected to result in a material adverse effect on the respective Credit Party.
- (j) **Litigation.** There are no actions, suits or proceedings pending or, to the best of its knowledge and belief, threatened against or affecting any Credit Party, its respective Assets, the Leases or any of its respective undertaking, property and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority.
- (k) **Licences, etc. and Compliance with Laws.** All Authorizations required to enable the Borrower to operate and conduct its business to the extent now required having regard to its present status of operation, maintenance, use, occupancy or upkeep and to execute, deliver and perform its obligations under any Financing Documents or Material Agreement to which it is a party, have been duly obtained and are currently subsisting. It has complied in all respects with all terms and provisions presently required to be complied with by them in all such Authorizations and with all Applicable Law and they are not in violation of any of the respective provisions thereof.
- (l) **Environmental Matters.** It has not and, to the best of the its knowledge, the Property Owner has not generated, stored or Released any Hazardous Substances at, upon, into or from the Property except in compliance with Environmental Law; (A) it is not aware of the presence of Hazardous Substances at, upon, in or from the Property except in compliance with Environmental Law; and (B) its business complies with Environmental Law and is operated in compliance with all Environmental Permits.
- (m) **Ownership of Property.** The Borrower owns its Assets (including without limitation, the Leases) with good and marketable title thereto. To the knowledge of the Borrower, each Property Owner owns the respective Property with good and marketable title thereto.
- (n) **No Default or Event of Default.** No Default or Event of Default has occurred and is continuing.
- (o) **No Action for Winding-Up or Bankruptcy.** There has been no voluntary or involuntary action taken either by or against any Credit Party for winding-up, dissolution, liquidation, bankruptcy, receivership, administration or similar or

analogous events in respect of a Credit Party or all or any material part of their respective assets or revenues.

- (p) **Taxes.** It has filed all tax returns which were required to be filed, paid all Taxes (including interest and penalties) which are due and payable other than any Tax the payment of which is being contested in good faith and for which adequate reserves are being maintained in accordance with GAAP.
- (q) **Security.** The security constituted by the Security Documents constitutes a valid and perfected first ranking charge or Lien (subject to Permitted Liens) upon its interests in all of its Assets, including, without limitation, each of the Leases, free and clear of all Liens except Permitted Liens. All necessary registrations, filings or recordings of the Liens or notice or renewals thereof, have been made in all relevant jurisdictions and no further action is necessary in order to establish and perfect the Liens over all of the its Assets, including the Leases.
- (r) **Subsidiaries.** The Borrower has no Subsidiaries and no investment or Equity Securities in any Person.
- (s) **Year-End.** The fiscal year end of the Borrower is December 31.
- (t) **Insurance.** All policies of fire, liability, workers' compensation, casualty, flood, business interruption and other forms of insurance owned or held by the Borrower are: (i) sufficient for compliance with all requirements of Applicable Law and the Material Agreements; (ii) are valid, outstanding and enforceable policies; (iii) provide adequate insurance coverage in at least such amounts and against at least such risks (but including in any event, public liability) as would be prudent for Persons engaged in similar businesses and owning similar properties and assets in the same general areas in which the Borrower operates; and (iv) satisfy any requirements of the Lender, acting reasonably. All such policies are in full force and effect, all premiums with respect thereto have been paid in accordance with their respective terms, and no notice of cancellation or termination has been received with respect to any such policy. The Borrower does not maintain any formalized self-insurance program with respect to its Assets or operations or material risks with respect thereto, other than as consented to by the Lender.

The representations and warranties set out in this Section 5.1 shall survive the execution and delivery of this Agreement and the advance of the Term Loan notwithstanding any investigations or examinations which may be made by the Lender, its advisors or its counsel.

ARTICLE 6 COVENANTS

6.1 Affirmative Covenants

Each Credit Party covenants and agrees with the Lender that, unless the Lender otherwise consents in writing, so long as the Term Loan is outstanding or any Credit Party has any obligations under this Agreement:

- (a) **Financial Reporting.** It shall furnish Lender (1) within one hundred twenty (120) days after the end of each fiscal year, its Financial Statements; (2) within sixty (60) days after the end of each quarter of its fiscal year, its balance sheet as at the end of such quarter and the related statement of income and statement of changes in financial position for such quarter, prepared in accordance with GAAP; (3) within twenty (20) Business Days after the preceding calendar month end a monthly report which shall include a balance sheet, profit and loss statement, and aged accounts receivables and accounts payable listings; and (4) within thirty (30) days after the date on which they are filed, all reports, notices, payments, remittances and other filings required to be made by it to any Governmental Authority evidencing that all Taxes are paid when due.
- (b) **Debt Service Coverage Ratio.** It shall maintain at all times, a minimum Debt Service Coverage Ratio of 1.25:1, to be determined as at the end of each Fiscal Year (although required to be maintained at all times) for the preceding Fiscal Year.
- (c) **Status.** Subject to Section 6.2(a), it shall remain a corporation duly organized and validly subsisting under the laws of Canada, and registered or otherwise qualified in all material respects to carry on business in each jurisdiction where necessary to conduct its business.
- (d) **Prompt Payment and Performance.** It will duly and punctually pay all sums of money due and payable by it under, and otherwise perform and cause to be performed the terms of this Agreement and all other Financing Documents at the time and place and in the manner provided herein and therein.
- (e) **Business Reports.** The Borrower shall deliver to the Lender (1) within twenty (20) Business Days after the preceding calendar month end, a monthly report which includes an inventory listing and a production and revenue listings; (2) within one hundred twenty (120) days after the end of each fiscal year, an annual independent engineering report confirming the petroleum and gas reserves of the Borrower, in a form and substance satisfactory to the Lender;
- (f) **Notice of Event of Default.** It will deliver to the Lender, forthwith upon becoming aware of any Default or Event of Default, a written notice specifying such Default or Event of Default together with a statement of it officer setting forth details of such Default or Event of Default and the action which has been, or is proposed to be, taken with respect thereto.
- (g) **Other Notifications.** It shall promptly notify the Lender of (and if applicable provide to the Lender copies of such documents):
 - (i) any change in its name or jurisdiction of incorporation or organization and of any change in the location of the registered office or chief executive office or material assets of any of them which are subject to a Lien in favour of the Lender promptly and in any event at least 15 Banking Days prior to any such change;

- (ii) any actions, suits or proceedings of which it becomes aware which are pending against or, to the best of its information, knowledge and belief, affecting it or any of its business, undertaking, property and assets at law, in equity or before any arbitrator or before or by any Governmental Authority promptly and in any event within three Banking Days of becoming so aware;
 - (iii) any proposed material amendment to a Material Agreement, promptly and in any event at least 15 Banking Days prior to such amendment being entered into;
 - (iv) the occurrence of any proceeding for the expropriation of any of its Assets, promptly and in any event within one Banking Day of becoming aware of such event;
 - (v) any cancellation or material change in the terms, coverages or amounts of any insurance, promptly and in any event within three Banking Days of becoming aware of such change;
 - (vi) any dispute, alleged default or event which could cause or which could permit any Person to terminate a Material Agreement and any notice of default received under a Material Agreement, promptly and in any event within one Banking Day of becoming aware of such event; and
 - (vii) such other matters or information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Credit Party as the Lender may from time to time reasonably request.
- (h) **Notice of Liens.** Promptly upon receipt of written notice of or otherwise becoming aware that there is a preserved or perfected Lien (other than a Permitted Lien) against its Assets or any part thereof, it shall discharge or cause to be discharged such Lien.
- (i) **Necessary Authorizations.** It shall obtain (as and when required), maintain in full force and effect and, where applicable, renew and comply in all material respects with the terms of all material Authorizations from, and make such filings with, any Governmental Authority as may be necessary to carry on its business, to own, lease and operate its properties and to enable it to enter into and perform its obligations under each of the Financing Documents and each of the Material Agreements and to render each Financing Document and each Material Agreement legal, valid, binding and enforceable.
- (j) **Payment of Taxes.** It shall pay or cause to be paid, when due, all Taxes, property taxes, business taxes, social security premiums, assessments and governmental charges or levies imposed upon it or upon its income, sales, capital or profit or any property belonging to it unless any such Tax, social security premiums, assessment, charge or levy is contested by it in good faith with appropriate reserves, and to collect and remit when due all payroll and withholding taxes.

- (k) **Insurance.** It shall maintain the insurances of the types and amounts, and with such insurance companies, as required by the Lender, acting reasonably, from time to time and shall cause the Lender, to be endorsed as the “sole” loss payee on such policies of insurance for loss of property (including any resulting loss of revenues) in respect of all of its property and the Lender as an additional insured under all property and liability policies (with the exception of workers compensation) and provide a waiver of subrogation in their favour.
- (l) **Visitation and Inspection Rights.** It shall permit any authorized representatives of the Lender, upon reasonable prior written notice and at reasonable times, to carry out inspections of its Assets; provided that such inspections shall be carried out in compliance with the Leases and are in compliance with all generally applicable health, safety and security procedures and Applicable Law.
- (m) **Keeping of Books.** It shall keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and its assets and business in accordance with GAAP consistently applied, and shall permit the Lender to inspect such books and records upon reasonable prior notice.
- (n) **Compliance with Material Agreements.** It shall comply in all respects and perform its obligations under all Material Agreements.
- (o) **Use of Insurance Proceeds.** If it receives proceeds from policies of insurance in respect of any of its Assets in respect of which a security interest has been granted pursuant to the Security Documents, such proceeds shall be used, or committed to be used, in either case within 180 days, to repair or replace the assets in respect of which the insurance proceeds were received or if not so used or committed, shall be treated as proceeds of disposition of assets and shall be applied to repayment of the Term Loan.
- (p) **Perfection of Security.** It shall provide the Lender with such assistance and do such things as may be required or as the Lender may from time to time reasonably request so that the Security Documents will be and remain registered, recorded or filed from time to time in such manner and in such places as may in the reasonable opinion of the Lender be necessary to perfect the Liens constituted thereby.
- (q) **Ranking.** It shall ensure that the Obligations under the Financing Documents at all times shall rank as senior secured obligations in priority in right of payment to all other obligations of the Credit Parties (other than those obligations that are secured by a Permitted Lien).
- (r) **Repair.** If any part of its Assets is damaged or destroyed, if reconstruction, restoration or repair of the damaged or destroyed property is necessary in order that such damage or destruction does not materially and adversely affect its business and operations or the performance of its obligations under the Material Agreements or its ability to comply with its obligations under this Agreement or the other Financing Documents, then it shall reconstruct, restore or repair the damaged or destroyed property.

- (s) **Operation.** It shall keep and operate its business, or cause the same to be kept and operated, in good operating condition consistent in all material respects with (i) all Applicable Laws, and (ii) all applicable requirements of the Leases. In addition, it will also make or cause to be made all repairs (structural and non-structural, extraordinary or ordinary) necessary to keep and operate its Assets in such condition.

6.2 Negative Covenants

Each Credit Party covenants and agrees with the Lender that, unless the Lender otherwise consents in writing, so long as the Term Loan is outstanding or any Credit Party has any obligations under this Agreement:

- (a) **No Merger, Amalgamation, etc.** It will not merge or amalgamate pursuant to statutory authority or otherwise with any other Person.
- (b) **Restriction on Disposition of Assets.** It shall not sell, assign, transfer, lease, convey, mortgage, pledge or otherwise dispose of any interest in the Leases or any property, assets or investments, or grant any option or other right to purchase, lease or otherwise acquire any material assets, other than the sale or disposition of damaged or obsolescent equipment which it is replacing or is no longer useful in the business, in each case in the ordinary course of business.
- (c) **Negative Pledge.** It shall not create, incur, assume or permit to exist any Lien, other than Permitted Liens, on any of its property, undertaking or assets now owned or hereafter acquired.
- (d) **Restriction on Amendment of Material Agreements, etc.** It shall not amend, restate, supplement or otherwise modify, waive or release, cancel or terminate, or give any consent or approval to any amendment or modification to, or waiver, release, cancellation or termination in respect of, any Material Agreement except for non-material amendments.
- (e) **Restriction on Non-Arm's Length Transactions.** It shall not enter into any transaction or agreement with any Person which is not at Arm's Length with it, unless such transaction or agreement is on terms no less favourable to it as would be obtainable in a comparable transaction with a Person which is at Arm's Length with it.
- (f) **Restriction on Debt and Other Liabilities.** It shall not create, incur, assume or suffer to exist any Debt other than Permitted Debt.
- (g) **Restriction on Transfers of Equity Securities.** It may transfer its Equity Securities without consent to its Affiliate, provided that such Affiliate enters into such Financing Documents in respect of the transferred ownership as are necessary or desirable to put the Lender in the same position of security against the transferee as they were with the transferor. Any transfer other than to an Affiliate shall require the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed.

- (h) **Change in Structure.** It shall not make any changes in its share capital structure, or amend its constating documents (including any shareholder agreement).
- (i) **Shareholders Loans.** It shall not accept a loan, advance or other payment from any shareholder or from any other Person who does not deal at arm's length with it until such shareholder or other Person executes and delivers to the Lender a subordination and postponement of claim on the Lender's required form, supported by an opinion of corporate counsel and security registration to the extent deemed necessary or advisable by lender's counsel.
- (j) **No Distribution.** It shall not distribute any dividends or other cash distributions to its shareholders, without the prior written consent of the Lender.
- (k) **Payments of Non-Arm's Length Debt.** It shall be entitled to make any payments or repayments of principal, interest, fees or costs on account of any Debt owing to any Person not dealing at arm's length with it or any of its shareholder, without the prior written consent of the Lender which consent shall not be unreasonable withheld.
- (l) **Legal Name.** It shall not change its legal, trade or business name without providing the Lender 15 Banking Days' prior written notice.
- (m) **No Proceedings for Insolvency.** It shall not commence any proceeding for its dissolution, liquidation or winding-up or for the suspension of its respective operation or to appoint a receiver, a receiver and manager or trustee for it or for any substantial part of its Assets which is material to the conduct of its business or any proceeding relating to them under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute of any jurisdiction whether now or hereafter in effect or approve of or acquiesce in any such proceeding.

ARTICLE 7 SECURITY

7.1 Security Documents

As security for the Term Loan and as security for all its other liability or indebtedness, both present and future, under any Financing Documents and for all other Obligations, the Credit Parties shall deliver, or cause to be delivered, to the Lender, the following documents (collectively, the "**Security Documents**"):

- (a) on or before the Closing Date:
 - (i) a demand debenture from the Borrower providing for a first charge and security interest (subject only to Permitted Liens) on all the then present and future real property (including the leasehold interest under the Leases);

- (ii) a general security agreement from the Borrower providing for a first charge and security interest in all personal property, fixed assets, equipment, accounts receivable, inventory, intellectual property and all other assets and undertaking of the Borrower;
- (iii) Guarantee and Postponement of Claims from Clearbeach Resources Inc. in the amount of \$2,000,000.00;
- (iv) a demand debenture from Clearbeach Resources Inc. providing for a first charge and security interest (subject only to Permitted Liens) on all the then present and future real and personal property;
- (v) a general security agreement from Clearbeach Resources Inc. providing for a first charge and security interest in all its personal property, fixed assets, equipment, accounts receivable, inventory, intellectual property and all other assets and undertaking;
- (vi) Guarantee and Postponement of Claims from Liberty Oil & Gas Ltd. in the amount of \$2,000,000.00;
- (vii) a demand debenture from Liberty Oil & Gas Ltd. providing for a first charge and security interest (subject only to Permitted Liens) on all the then present and future real and personal property;
- (viii) a general security agreement from Liberty Oil & Gas Ltd. providing for a first charge and security interest in all its personal property, fixed assets, equipment, accounts receivable, inventory, intellectual property and all other assets and undertaking; and
- (ix) such other documents as the Lender may now or hereafter reasonably require to give effect to, register and perfect the security interests created by the documents referred to in this Section 7.1, in the jurisdiction where such charged assets are located.

ARTICLE 8 DEFAULT AND ACCELERATION

8.1 Events of Default

The occurrence of any one or more of the following events (each such event after the expiry of the cure period, if any, provided in connection therewith, being herein referred to as an “**Event of Default**”) shall constitute a Default under this Agreement:

- (a) if the Borrower shall fail to pay the monthly payments on the Term Loan as provided in Section 2.3 within 2 Business Days of the due date;
- (b) if the Borrower or any Guarantor shall default in any material respect in the observance or performance of any agreement, covenant or condition contained in the Financing Documents and, if capable of remedy, such default shall not be

remedied within a period of 30 days after notice in writing thereof is given by the Lender to the Borrower or Guarantor;

- (c) if any of the representations or warranties made by any Credit Party in Section 5.1 or under any Financing Document or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Financing Document shall prove to have been incorrect in any material respect when made or deemed to be made, unless such incorrect representation or warranty is capable of being corrected and that Credit Party, in good faith, is diligently pursuing the correction of such incorrect representation or warranty, in which case such Credit Party shall have 30 days to correct such incorrect representation or warranty;
- (d) if any Credit Party, shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally as they become due or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against it seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, dissolution, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;
- (e) if any Credit Party, the Property Owner or any other Person having care or control of the Assets given as security in favour of the Lender (i) shall be the subject of any Environmental Claim, including a Claim pertaining to the discovery of any Hazardous Substance on the Property, or (ii) the Release by such entity of any Hazardous Substance on the Property or any violation of any Environmental Law shall occur, unless the same are being contested actively and diligently in good faith by appropriate and timely proceedings;
- (f) if the obligations of the Credit Parties herein or under any other Financing Document shall cease to constitute the legal, valid and binding obligations of the Credit Parties or shall cease to be in full force and effect or any Financing Document is declared to be void or voidable, in each case, as a result of any act or omission of the Borrower or any Guarantor or is repudiated by the Borrower or any Guarantor or the validity, binding effect, legality or enforceability of any Financing Document is at any time contested or denied by the Borrower or any Guarantor;
- (g) if the perfection or priority of the Security Interest in favour of the Lender constituted by the Security Documents is adversely affected and the Lender

determines, in their unfettered discretion, that their security position is materially adversely affected;

8.2 Acceleration

Upon the occurrence of an Event of Default and at any time thereafter while an Event of Default is continuing, the Lender may, by written notice to the Credit Parties declare the Term Loan and all other Obligations under any Financing Document to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Borrower hereunder) or declare the Term Loan to be due and payable on demand of the Lender.

If, pursuant to this Section 8.2, the Lender declares the Term Loan to be due and payable on demand, then, and at any time thereafter, the Lender may by written notice to the Borrower call for repayment of the Term Loan on such date or dates as it may specify in such notice (whereupon the same shall become due and payable on such date together with accrued interest thereon and any other sums then owed by the Borrower hereunder) or withdraw its declaration with effect from such date as it may specify in such notice.

8.3 Remedies Cumulative and Waivers

It is expressly understood and agreed that the rights and remedies of the Lender hereunder, and under any other instrument executed pursuant to this Agreement (including the other Financing Documents), are cumulative and are in addition to and not in substitution for any rights or remedies provided by Law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any such other instrument shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein or in any other instrument executed pursuant to this Agreement and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any such other instrument as a result of any other default or breach hereunder or under any such instrument.

ARTICLE 9 GENERAL

9.1 Term

This Agreement (other than the provisions hereof which by their terms expressly survive termination hereof) shall expire on the date that the Term Loan has been repaid in full, together with accrued interest thereon, all other amounts due to the Lender hereunder has been paid and the Lender has no further obligations under this Agreement.

9.2 Survival

All covenants, agreements, representations, indemnities and warranties made herein or in certificates delivered in connection herewith by or on behalf of the Borrower shall survive the execution and delivery of this Agreement and shall continue in full force and effect so long as there is any obligation of the Borrower to the Lender hereunder.

9.3 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the Borrower and the successors and permitted assigns of the Lender.

9.4 Notices

All notices, requests, demands or other communications to or from the parties hereto shall be in writing and shall be given by overnight delivery service, by hand delivery or by telecopy to the addressee as follows:

(a) If to the Borrower:

Facsimile:
Attention:

(b) If to Clearbeach Resources Inc.

(c) If to Liberty Oil & Gas Ltd.

(d) If to the Lender:

PACE Savings & Credit Union Limited
8111 Jane Street
Suite 1
Vaughan, Ontario L4K 4L7

Facsimile:
Attention: Manager, Commercial Credit

or at such other address or to such other individual as the Borrower may designate by notice to the Lender or the Lender may designate by notice to the Borrower, as the case may be. If any notice, request, demand or other communication is delivered or transmitted on a day other than a

Banking Day or after 3:00 p.m. on any Banking Day, the same shall be deemed to have been effectively given and received on the next following Banking Day.

9.5 Amendment and Waiver

This Agreement and documents collateral hereto may be modified or amended and a waiver of any breach of any term or provision of this Agreement shall be effective only if the Borrower, the Guarantors and Lender agree in writing. A waiver of any breach of any term or provision of this Agreement shall be limited to the specific breach waived.

9.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario. The parties hereto agree that any legal suit, action or proceeding arising out of this Agreement may be instituted in the courts of Ontario, and the parties hereto hereby accept and irrevocably submit to the non-exclusive jurisdiction of said courts and acknowledge their competence and agree to be bound by any judgment thereof.

9.7 Further Assurances

The Borrower and each Guarantor, at its expense, will promptly execute and deliver, or cause to be executed and delivered, to the Lender, upon request, all such other and further documents, agreements, certificates and instruments necessary or desirable to be in compliance with, or in respect of the accomplishment of the covenants and agreements of the Borrower and Guarantors hereunder or to more fully state the obligations of the Borrower and Guarantors as set out in any Financing Document or to make any recording, file any notice or obtain any consents, all as may be necessary or appropriate in connection therewith.

9.8 Successors and Assigns

This Agreement shall inure to the benefit of Lender, its successors and assigns, and shall be binding upon the successors of Borrower and Guarantors. The rights and obligations of Borrower under this Agreement may not be assigned or delegated. Lender reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Lender's rights and obligations hereunder, in the Financing Documents and/or the Obligations held by it to others at any time and from time to time; and Lender may disclose to any such purchaser, assignee, transferee or participant (the "**Participant**"), or potential Participant, this Agreement and all information, reports, financial statements and documents executed or obtained in connection with this Agreement which Lender now or hereafter may have relating to the Loan, Credit Parties, or the business of the Credit Parties. Each Credit Party hereby grants to any Participant all liens, rights and remedies of Lender under the provisions of this Agreement or any other documents relating hereto or under applicable laws. Each Credit Party agrees that any Participant may enforce such liens and exercise such rights and remedies in the same manner as if such Participant were Lender and a direct creditor of the Credit Party.

9.9 Counterparts

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had all signed and delivered the same document and all counterparts will be construed together to be an original and will constitute one and the same agreement.

9.10 Paramountcy

In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of any other Financing Document, the provisions giving the Lender greater rights or remedies shall govern (to the maximum extent permitted by Applicable Law), it being understood that the purpose of this Agreement and all of the other Financing Documents is to add to, and not detract from, the rights granted to the secured party under the Financing Documents.

9.11 Time of the Essence

Time shall be of the essence in this Agreement.

9.12 Indemnity and Expenses

- (a) Each Credit Party will indemnify the Lender from and against any and all Claims, liabilities, losses, costs and expenses which the Lender may suffer or incur as a result of the Lender's entry into or exercise of any rights under any of the Financing Documents, save and except to the extent attributable to the Lender's gross negligence or wilful misconduct.
- (b) The Borrower and each Guarantor shall pay promptly on demand all costs and expenses incurred by the Lender (including fees and expenses of counsel, accountants and their experts and all Lender's administrative fees) in connection with the administration, interpretation and preservation and enforcement of the Financing Documents.

9.13 Membership

The rights of the Borrower under this Agreement are subject to the condition that it remain a member of the Lender until the expiration of the ninety (90) day period next following the date on which the Borrower gives notice of its intention to withdraw from membership in the Lender, or on such earlier date as may be specified by the Lender. Where the Borrower ceases to be a member of the Lender, the Borrower shall thereupon repay all amounts advanced and outstanding under this Agreement.

[Remainder of page blank.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

ON-ENERGY CORP.

By: 

Name: Jane E. Laurie
Title: President

By: 

Name: Jamie Cruik
Title: Secretary

I/we have the authority to bind the Corporation

CLEARBEACH RESOURCES INC.

By: 

Name: Jane E. Laurie
Title: President

By: 

Name: Jamie Cruik
Title: Secretary

I/we have the authority to bind the Corporation

LIBERTY OIL & GAS LTD.

By: 

Name: Jane E. Laurie
Title: President

By: _____

Name:
Title:

I/we have the authority to bind the Corporation

**PACE SAVINGS & CREDIT UNION
LIMITED**

By: 

Name: Horand Hubsberger
Title: VP, Comm Credit

By: 

Name: SUZANNE HYDE
Title: MANAGER, COMMERCIAL SPECIAL LOANS

I/we have the authority to bind the Corporation

**SCHEDULE A
LEASES**

SCHEDULE B
ASSUMED TRIBUTE OBLIGATIONS

LOAN AMENDING AGREEMENT

DATE: APRIL 23, 2018.

Between: PACE SAVINGS & CREDIT UNION LIMITED (the "Credit Union")

And: ON-ENERGY CORP. (the Borrower")

Whereas there is a loan agreement, loan or credit facility (the "Loan") under which the Borrower is liable to the Credit Union, the Loan being more particularly described as follows:

Original Date of the Loan: March 8, 2018

Description: Corporate Loan Variable

Original Principal Amount: \$2,000,000.00

Balance of Principal Remaining Unpaid: \$1,983,584.87

Original Terms for Repayment: Blended payments of \$23,496.29 on the 8th of each month

And whereas the Borrower has requested to change the date of payment;

Now therefore in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. New Repayment Requirements

(a) Despite any previous agreement between the parties, The Borrower shall repay the Loan in accordance with the new repayment requirements set out in this section.

(b) The Balance of Principal Remaining Unpaid on the Loan and interest thereon shall be repaid as follows:

- on the same terms and conditions stipulated in the Loan except that the payment date shall be changed from the 8th day each month, to the 26th day each month, commencing May 26, 2018.

3. Interest

(a) Nothing in this Agreement affects the Borrower's obligation to pay interest at the rate agreed with respect to the Balance of Principal Remaining Unpaid under the Loan (and on other amounts in respect of which interest is payable under the terms of the Loan) until such times as that balance is repaid, and all payments of interest shall be made punctually at the times and in the manner originally specified.

(b) It is hereby understood and acknowledged that payments made pursuant to this Agreement shall be applied firstly to the payment of costs and fees, second on account of interest and third to the repayment of principal.

4. Non-Disturbance

Except as expressly provided in this Agreement, all terms and conditions set out in the original promissory note or agreement between the parties relating to the Loan, remain unaffected.

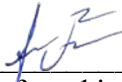
SIGNED, SEALED and DELIVERED as of the date first above written.

By [Signature] Authorized Signing Official

[Signature] President Title

TAB I

THIS IS **EXHIBIT "I"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

D. Robb English
 Direct: 416.865.4748
 E-mail:renglish@airdberlis.com

July 13, 2020

DELIVERED BY COURIER

Clearbeach Resources Inc.
 2807 Woodhull Road
 London, ON N6K 4S4

Attention: Jane Lowrie

Dear Ms. Lowrie:

RE: PACE Savings & Credit Union Limited (“PACE”) loans to Clearbeach Resources Inc.

We are the lawyers for PACE in connection with its lending arrangements with the Debtor.

The Debtor is indebted to PACE with respect to certain credit facilities (the “**Credit Facilities**”) made available by PACE to the Debtor pursuant to and under the terms of the following (collectively, and as each may have been further amended, replaced, restated or supplemented from time to time, the “**Credit Agreement**”):

- a) Loan Agreement dated August 7, 2014 in the amount of \$6,000,000.00 made between PACE and Clearbeach Resources Inc.; and
- b) Loan Agreement dated August 4, 2016 in the amount of \$1,000,000.00 originally made between PACE and Liberty Oil & Gas Limited (now by amalgamation being Clearbeach Resources Inc.);
- c) Loan Agreement dated December 18, 2017 in the amount of \$2,500,000.00 originally made between PACE and ON-Energy Corp. (now by amalgamation being Clearbeach Resources Inc.); and
- d) Loan Agreement dated February 15, 2018 in the amount of \$2,000,000 originally made between PACE and ON-Energy Corp. (now by amalgamation being Clearbeach Resources Inc.).

The following amounts are owing for principal, interest and fees pursuant to the Credit Facilities, plus costs and expenses, pursuant to the Credit Agreement as of July 10, 2020:

Loan Number: 37877	Indebtedness
Principal Balance	\$3,819,260.30
Interest calculated to July 10, 2020	\$77,873.53
Late Interest	\$1,566.53
Interest Rate @ P+0%	
Per Diem @ \$732.46	
Sub-total	\$3,898,700.36

Loan Number: 46728	
Principal Balance	\$1,753,470.00
Interest calculated to July 10, 2020	\$71,071.07
Late Interest	\$2,611.95
Sundry Balance	\$360.00
Interest Rate @ P+5.0%	
Per Diem @ \$360.30	
Sub-total	\$1,827,513.02
Loan Number: 46486	
Principal Balance	\$2,500,000.00
Interest calculated to July 10, 2020	\$101,134.47
Late Interest	\$1,743.12
Sundry Balance	\$648.16
Interest Rate @ P+0.5%	
Per Diem @ \$513.70	
Sub-total	\$2,603,525.75
Loan Number: 42216	
Principal Balance	\$549,150.78
Interest calculated to July 10, 2020	\$56,614.58
Late Interest	\$15,897.30
Interest Rate @ P+0.5%	
Per Diem @ \$112.84	
Sub-total	\$621,662.66
Total of all loans	\$8,951,401.79

Certain Events of Default have occurred under the Credit Agreement. Accordingly, on behalf of PACE, we hereby make formal demand for payment of \$8,951,401.79, together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by PACE (collectively, the “**Indebtedness**”). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

If payment of the Indebtedness is not received forthwith, PACE shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, steps to appoint an interim receiver, receiver or receiver and/or manager of the Debtor, in which case PACE will also be seeking all costs incurred in so doing.

On behalf of PACE, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA Notice**”).

PACE hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP

D. Robb English

D. Robb English

DRE/ph

Encl.

cc: Client

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Courier

TO: **Clearbeach Resources Inc.**
 2807 Woodhull Road
 London, ON N6K 4S4

insolvent company / person

TAKE NOTICE that:

1. PACE Savings & Credit Union Limited (“PACE”), a secured creditor, intends to enforce its security on the property of the insolvent company/person described below:
 - (a) All of the assets and undertakings of Clearbeach Resources Inc. (the “**Debtor**”), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal property interests of Clearbeach Resources Inc..
 - (b) All of the Debtor’s assets and undertaking including real property interests, including oil and gas leases and licenses as set out in the schedule to the debenture.
 - (c) Specific assignments of all monies due under contracts with Union Gas Limited and Marcus Terminals Inc.
 - (d) All of the assets and undertakings of Liberty Oil & Gas Ltd.(now by amalgamation being Clearbeach Resources Inc.), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal property interests of Clearbeach Resources Inc.
 - (e) All of the Debtor’s property and assets including all real property interests in the form of oil and gas leases and licenses as set out in the schedule to the debenture.
 - (f) All of the assets and undertakings of ON-Energy Corp.(now by amalgamation being Clearbeach Resources Inc.), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal property interests of Clearbeach Resources Inc..
 - (g) All of the Debtor’s assets and undertaking including real property interests, including oil and gas leases and licenses as set out in the schedule to the debenture.

2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) a general security agreement between the Debtor and PACE dated September 20, 2016, which grants PACE, amongst other things, a security interest in any of and all of the Debtor’s property, assets and undertakings;

- (b) a Fixed and Floating Demand Debenture Charge in the amount of \$8,000,000.00 granted by the Debtor and registered in the Land Registry Office for Lambton No. 25 at Sarnia as instrument No. L964881;
- (c) an assignment of monies from Union Gas Limited and Marcus Terminals Inc. dated August 19, 2014, which grants PACE, amongst other things, a security interest in all right, title, interest benefit in and to the payments Marcus Terminals Inc. and Union Gas Limited must make to the Debtor pursuant to the contract they have entered into;
- (d) a general security agreement between the Liberty Oil & Gas Ltd.(now by amalgamation being Clearbeach Resources Inc.) and PACE dated August 8, 2016, which grants PACE, amongst other things, a security interest in any of and all of the Debtor's property, assets and undertakings;
- (e) a Fixed and Floating Demand Debenture Charge in the amount of \$1,800,000.00 granted by Liberty Oil & Gas Ltd.(now by amalgamation being Clearbeach Resources Inc.) and registered in the Land Titles Office for Chatham-Kent as instrument No. CK126883;
- (f) a general security agreement between ON-Energy Corp (now by amalgamation being Clearbeach Resources Inc.) and PACE dated February 15, [year missing], which grants PACE, amongst other things, a security interest in any of and all of the Debtor's property, assets and undertakings;
- (g) a Fixed and Floating Demand Debenture Charge in the amount of \$2,800,000.00 granted by the ON-Energy Corp (now by amalgamation being Clearbeach Resources Inc.) and registered in the Land Registry Office for Norfolk as instrument NK 109419;
3. The total amount of indebtedness secured by the security is \$8,951,401.79 as of July 10, 2020, together with additional costs of PACE (including, without limitation, PACE's legal and other professional fees), and with additional interest, details of which are as follows:

Loan Number: 37877	Indebtedness
Principal Balance	\$3,819,260.30
Interest calculated to July 10, 2020	\$77,873.53
Late Interest	\$1,566.53
Interest Rate @ P+0%	
Per Diem @ \$732.46	
Sub-total	\$3,898,700.36
Loan Number: 46728	
Principal Balance	\$1,753,470.00
Interest calculated to July 10, 2020	\$71,071.07
Late Interest	\$2,611.95
Sundry Balance	\$360.00
Interest Rate @ P+5.0%	
Per Diem @ \$360.30	

Sub-total	\$1,827,513.02
Loan Number: 46486	
Principal Balance	\$2,500,000.00
Interest calculated to July 10, 2020	\$101,134.47
Late Interest	\$1,743.12
Sundry Balance	\$648.16
Interest Rate @ P+0.5%	
Per Diem @ \$513.70	
Sub-total	\$2,603,525.75

Loan Number: 42216	
Principal Balance	\$549,150.78
Interest calculated to July 10, 2020	\$56,614.58
Late Interest	\$15,897.30
Interest Rate @ P+0.5%	
Per Diem @ \$112.84	
Sub-total	\$621,662.66
Total of all loans	\$8,951,401.79

4. PACE will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 13th day of July, 2020.

PACE Savings & Credit Union Limited
by its lawyers, **Aird & Berlis LLP**

Per: *D. Robb English*

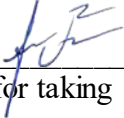
D. Robb English

Brookfield Place, Suite 1800
181 Bay Street, Box 754
Toronto, ON M5J 2T9
Tel: 416-863-1500
Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

TAB J

THIS IS **EXHIBIT "J"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

VARIABLE RATE BUSINESS LOAN AGREEMENT

AGREEMENT MADE THIS 13 DAY OF April, 2018

BETWEEN: FORBES RESOURCES CORP.
(hereinafter called the "Member")

AND: JARVIS HOLDINGS INC.
(hereinafter collectively and individually called the "Guarantor")

AND: JANE E. LOWRIE
(hereinafter collectively and individually called the "Guarantor")

AND: PACE SAVINGS & CREDIT UNION LIMITED
(hereinafter called the "Credit Union")

WHEREAS the Member has applied to the Credit Union for a loan;

AND WHEREAS the Credit Union has agreed to extend credit to the Member on the terms and conditions set out in term sheet dated April 10, 2018 (the "Term Sheet") for the purposes set out in the Term Sheet, subject to the following terms and conditions;

NOW THEREFORE in consideration of the premises and the covenants, agreements, representations and warranties hereinafter set forth, the parties hereto agree as follows:

1. *Loan.* Upon execution of this Agreement the Credit Union establishes in favour of the Member a non-revolving term facility (the "**Loan**") in the amount of Five Hundred Thousand Dollars (**\$500,000.00**). The Loan is a non-revolving facility and, accordingly no amounts repaid under the Loan may be reborrowed under the Loan and the limit of the Loan will be automatically and permanently reduced by the amount of any repayment made thereunder.
2. *Term.* The Loan (together with all accrued interest and all other amounts payable hereunder) shall be repaid in full on demand. If demand has not previously been made by the Credit Union, the outstanding amount under the Loan (together with all accrued interest and other amounts payable hereunder) shall be repaid in full upon the earlier of:
 - (a) June 30, 2018 (the "**Maturity Date**"); or
 - (b) the occurrence of an Event of Default.
3. *Interest.* Interest on the principal amount of the Loan and outstanding from time to time shall be calculated and accrue at a variable rate referred to in this Agreement as the "Variable Business Loan Rate". The Variable Business Loan Rate is equal to the PACE Base Rate as adjusted from time to time by the Credit Union, **PLUS 0.500%**. At the date of this Agreement the Variable Loan Rate is **6.750%** per annum compounding monthly and the Variable Business Loan Rate, as determined above, is therefore **7.25%** per annum compounding monthly. Interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loan, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity. Upon any change in the PACE Base Rate the new Variable Business Loan Rate, as calculated above, shall immediately become effective and apply to this loan. The Member or Guarantor is liable to repay the loan together with interest at the changed rate. The Credit Union shall notify the Member, and Guarantor (if any), of any change in the Variable Business Loan Rate as soon as possible, but the accidental omission to give notice of any such change shall not excuse the Member or Guarantor from liability to repay the loan together with interest at the changed rate. In the event of default, the Member agrees to pay all legal fees and expenses (on a solicitor and client basis) incurred by the Credit Union in collecting the said loan and interest. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
4. *Repayment.* Without limiting the right of the Credit Union to at any time demand repayment thereof and subject to and in addition to the requirement for repayment in full pursuant to Sections 2 and 11 of this Agreement, the Member agrees to pay interest on the outstanding principal balance on the **9th day of each month** until the full amount outstanding hereunder on account of the Loan has been paid. The first monthly payment shall be payable **on the 9th of the month** immediately following the date the advance was made by the Credit Union to the Member.
5. *Application of Payments.* All payments made by the Member on account of the Loan shall be applied firstly on account of interest at the rate then in effect and secondly in reduction of the principal sum outstanding.

6. *Recordation.* The Credit Union shall open and maintain books of account evidencing all advances and all other amounts owing by the Member to the Credit Union under the Loan. The Credit Union shall enter in those books details of all amounts from time to time owing, paid or repaid by the Member, and this information shall constitute prima facie evidence of the obligations of the Member to the Credit Union under this Agreement with respect to all advances and all other amounts owing by the Member to the Credit Union under this Agreement. The failure of the Credit Union to correctly record any such amount or date shall not in any way affect the obligations of the Member to pay all amounts due to the Credit Union under this Agreement, pursuant to, and in accordance with this Agreement. After a request by the Member, the Credit Union shall promptly advise the Member of any entries made in the Credit Union's books of account. Acceptance by the Member, without dispute, of the periodic statements pertaining to this Loan acknowledges the liability of the Member for advances made during the period covered by such statement.
7. *Security.* The Loan shall be evidenced or secured by the security as provided and set out in the Term Sheet and as the Credit Union may request from time to time (the "Security") which shall be provided contemporaneously with the execution of this Agreement, and shall be in form and substance satisfactory to the Credit Union and shall be supported by all necessary resolutions and opinions (each in form and substance satisfactory to the Credit Union and the Credit Union's counsel). Furthermore, the Member and Guarantor (if any) acknowledge that the Credit Union has at all times a lien against shares in the Credit Union owned by the Member or Guarantor and against such monies on deposit by the Member or Guarantor with the Credit Union. If the Member is in default under this Agreement, the Credit Union may apply such shares and deposits to repayment of any balance outstanding and the Credit Union shall retain the right to recover from the Member or Guarantor any deficiency should the balance outstanding exceed the value of such shares and deposits.
8. *Warranties and Representations.* The Member and corporate Guarantor (if any) makes the following representations and warranties to Credit Union, which representations and warranties are deemed to be repeated as at the time of each advance hereunder:
 - (a) It is a corporation duly organized, validly existing and duly registered or qualified to carry on business in the Province of Ontario, and has all requisite corporate power and authority to own, lease and operate its property and to conduct its business as such is presently conducted and as proposed to be conducted.
 - (b) The execution, delivery and performance by it of this Agreement and any other documents to which it is a party have been duly executed and delivered by them and constitutes a legal, valid and binding obligation of each of them enforceable against each of them in accordance with its respective terms and have been duly authorized by all necessary actions of its directors and shareholders, and do not violate its constating documents or any applicable laws or agreements to which it subject or by which it is bound.
 - (c) Its most recent financial statements provided to Credit Union accurately present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements no material adverse change has occurred affecting its business or financial condition.
 - (d) There is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any environmental law or any release from its lands of a contaminant into the natural environment or which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any of Credit Union's security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to Credit Union .
 - (e) It has good and marketable title to all of its properties and assets, free and clear of any mortgages, liens, claims, loans or encumbrances, other than those created hereunder or as otherwise disclosed to and approved by the Credit Union.
 - (f) It is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws.
 - (g) It possesses all licenses, patents, trade-marks, service marks and copyrights, free from material restrictions, that are necessary for the ownership, maintenance and operation of its assets and businesses and it is not in violation of any rights of third parties with respect to any of the foregoing.
 - (h) No event has occurred which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any security agreement given in connection herewith.
 - (i) It has filed all material tax returns required to be filed by it, paid or made provision for payment of all taxes and claims ranking in priority to Credit Union's security (including interest and penalties) which are due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested.
 - (j) All information furnished by or on behalf of it in writing to the Credit Union in connection with the transaction contemplated hereby, is true and correct and does not omit any fact necessary in order to make such information not misleading.

9. *Conditions Precedent.* The availability and advance of the Loan hereunder is conditional upon the receipt of:
- (a) a duly executed copy of this Agreement;
 - (b) the Security shall have been duly executed and delivered and, where required, registered;
 - (c) such financial, corporate and other records or documents relating to Member and Guarantor, if any, as required by the Term Sheet and as the Credit Union may reasonably require have been delivered and approved by the Credit Union.
10. *Guarantor Provision.* In consideration of the Credit Union extending the Loan to the Member, and in addition to any guarantee and security agreement given by the Guarantor to the Credit Union, the Guarantor (and each of them jointly and severally, if more than one Guarantor) does hereby guarantee to the Credit Union repayment of the Loan including interest and costs as provided in this Agreement, as and when demanded by the Credit Union. In default of payment by the Member the Guarantor agrees that the balance then due shall be recoverable against the Guarantor. This guarantee shall be binding notwithstanding any extension of time for repayment or variation in the terms of payment which may be agreed upon between the Member and the Credit Union, and it shall not be necessary for the Credit Union to exhaust its recourse against the Member before being entitled to payment from the Guarantor.
11. *Event of Default.* Without limiting any other rights of the Credit Union under this Agreement, the Term Sheet, the Security and any other written agreement delivered in connection with the transaction hereof, if any one or more of the following events (herein an "Event of Default") has occurred and is continuing:
- (a) the failure by the Member or Guarantor, if any, to pay when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Credit Union;
 - (b) the failure of the Member or Guarantor, if any, to observe or perform any covenant or obligation applicable to it under this Agreement, if the Member or Guarantor, if any, fails to remedy such default within the earlier of ten (10) days from the date:
 - (i) it becomes aware of the default; and
 - (ii) the Credit Union delivers written notice of the such default to the Member or Guarantor.
 - (c) any default occurs under any other credit, loan or security agreement to which the Member or Guarantor, if any, is a party and such breach continues for ten (10) days after such Member or Guarantor shall have received written notice of same;
 - (d) a petition, case or proceeding under the bankruptcy laws of Canada or similar laws of any foreign jurisdiction now or hereafter in effect or under any insolvency, arrangement, reorganization, moratorium, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed or commenced against the Member or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or the Member shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;
 - (e) a receiver is appointed over any property of the Member or any judgment or order or process of any court becomes enforceable against the Member or any property of the Member or any creditor takes possession of any property of the Member;
 - (f) any Security is or becomes illegal, invalid, prohibited or unenforceable and/or ceases to rank in the priority contemplated in the Term Sheet against the property charged thereunder;
 - (g) any representation or warranty made by the Member or Guarantor, if any, herein or in any Security or in any certificate or other document delivered to the Credit Union in connection herewith is false or misleading in any material respect; or
 - (h) in the opinion of the Credit Union, any adverse change has occurred in the financial condition or business of the Member or the Guarantor, if any, which may impair its ability or willingness to perform any of its obligations to the Credit Union or the Credit Union considers the security held to secure the Loan to be in jeopardy or the Credit Union considers itself insecure;

then, in such event, the Credit Union may, by written notice to the Member, declare the amount then outstanding under the Loan to be immediately due and payable. Upon receipt of such written notice, the Member shall immediately pay to the Credit Union all outstanding amounts under the Loan and all other obligations of the Member to the Credit Union in connection therewith. Upon a declaration that the Loan outstanding hereunder is immediately due and payable pursuant to this Section 11, the Credit Union may commence such legal action or proceedings as the Credit Union in its sole discretion deems expedient, including the commencement of enforcement proceedings under this Agreement, the Term Sheet, the Security and all other documents to be executed and delivered to the Credit Union by the Member or Guarantor, all without any additional notice,

presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Member and Guarantor. The rights and remedies of the Credit Union under the this Agreement, the Term Sheet and the Security are cumulative and are in addition to, and not in substitution for, any other rights or remedies.

12. *Expenses.* The Member agrees to pay all fees (including legal fees on a solicitor and client basis), costs and expenses incurred by the Credit Union in connection with the preparation, negotiation and documentation of this Agreement and the Security, and the operation or enforcement of this Agreement and the Security. In addition to any amounts otherwise payable hereunder, the Member agrees to pay the Credit Union its customary administration fee as published by the Credit Union from time to time, including without limitation an administrative fee for each cheque received by the Credit Union from the Member which is subsequently dishonoured.
13. *Review.* Credit Union may conduct periodic reviews of the affairs of Member, as and when determined by Credit Union, for the purpose of evaluating the financial condition of Member. Member shall make available to Credit Union such financial statements and other information and documentation as Credit Union may reasonably require and shall do all things reasonably necessary to facilitate such review. The Member also agrees to promptly notify the Credit Union of any change of circumstances which renders inaccurate any of the information given to the Credit Union in applying for this Loan.
14. *Survival of Representations and Warranties.* The representations and warranties contained herein or made pursuant to this Agreement, the Term Sheet and all Security shall survive until the termination of this Agreement.
15. *Entire Agreement.* This Agreement and all attachments hereto, the Term Sheet, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement among the parties with respect to the Loan herein and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the transaction herein.
16. *Counterparts.* This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement and shall become effective when all counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.
17. *Joint and Several.* Where more than one Person is liable as Member or Guarantor, if any, for any obligation under this Agreement, the liability of each such Person for such obligation is joint and several with each other such Person. Where this agreement is signed by more than one party as Member, advances may be made to or at the request of any one or more of them, and their liability shall be joint and several. Periodic statements or other notices may be sent to any one Member on behalf of all. Any reference in this Agreement to "Member" shall be construed as if to read "Member or any one or more of them".
18. *Limitation Act 2002 (Ontario).* The parties acknowledge that this agreement is made for business purposes and is a "business agreement" as defined in the Limitations Act, 2002 (the "Act") and that no limitation periods found in the Act, other than the ultimate limitation period found in Section 15 of the Act, shall apply to the obligations imposed by this agreement.
19. *Non-Merger.* The provisions of this Agreement shall not merge with the Term Sheet and any other Security provided to Credit Union, but shall continue in full force for the benefit of the parties hereto.
20. *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with written or facsimile confirmation of receipt), telex or delivery by a reputable overnight commercial delivery service (delivery, postage or freight charges prepaid), or on the fourth day following deposit in the mail (if sent by registered or certified mail, return receipt requested, delivery, postage or freight charges prepaid), addressed to the Member and/or Guarantor at the addresses appearing in the Credit Union's records and files, and if to the Credit Union to the address noted herein.
21. *Amendments.* This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.
22. *Waivers.* No failure or delay on the part of the Credit Union in exercising any right or power hereunder or under any security document shall operate as a waiver thereof. Guarantor agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, Guarantor.
23. *Governing Law.* This Agreement and the rights and obligations of the parties hereunder shall be governed in all respects by the laws of the Province of Ontario and the laws of Canada applicable therein.
24. *Assignment.* Member shall not assign or transfer or permit the assignment or transfer of any of its rights or obligations under this Agreement without the prior written consent of Credit Union. Credit Union may assign all or part of its rights and obligations under this Agreement to any person. Credit Union may disclose to potential or actual assignees confidential information regarding Member (including any such information provided by Member to Credit Union) and shall not be liable for any such disclosure).
25. *Severability.* Any portion or provision of the Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or

unenforceability, without affecting in any way the remaining portions or provisions hereof in such jurisdiction or, to the extent permitted by law, rendering that or any other portion or provision of the Agreement invalid, illegal or unenforceable in any other jurisdiction.


26. *Binding Effect.* This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

27. *Time of Essence.* Time shall be of the essence in all provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

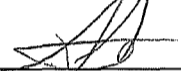
PACE SAVINGS & CREDIT UNION LIMITED

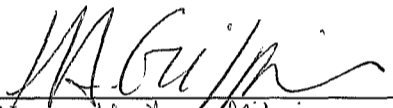
Per: 
Name: SUZANNE HYDE
Title: MANAGER COMMERCIAL ADMINISTRATION

Per: 
Name: MARY BENINCASA
Title: CHIEF OPERATING OFFICER

We have the authority to bind the corporation

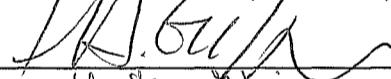
FORBES RESOURCES CORP.


Per: 
Name: Scott Lewis
Title: President

Per: 
Name: Heather Gilpin
Title: Secretary

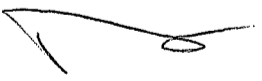
I/we have the authority to bind the corporation

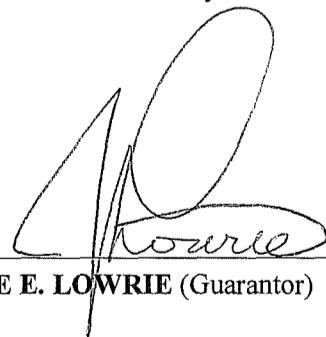
JARVIS HOLDINGS INC. (Guarantor)

Per: 
Name: Heather Gilpin
Title: President

Per: 
Name: Scott Lewis
Title: Vice-President

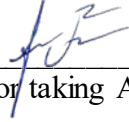
I/we have the authority to bind the corporation


Witness


JANE E. LOWRIE (Guarantor)

TAB K

THIS IS **EXHIBIT "K"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

July 13, 2020

DELIVERED BY COURIER**PRIVATE & CONFIDENTIAL
TO BE OPENED BY ADDRESSEE ONLY****Forbes Resources Corp.**
2807 Woodhull Road
London, ON N6K 4S4**Attention: Scott Lewis**

Dear Mr. Lewis:

RE: PACE Savings & Credit Union Limited (“PACE”) loans to Forbes Resources Corp. (the “Debtor”), as guaranteed by Jarvis Holdings Inc. (“Jarvis” and Jane Lowrie (“Jane” and together with the Debtor and Jarvis, the “Credit Parties”)

We are the lawyers for PACE in connection with its lending arrangements with the Debtor.

The Debtor is indebted to PACE with respect to certain credit facilities (the “**Credit Facilities**”) made available by PACE to the Debtor pursuant to and under the terms of the following (collectively, and as each may have been amended, replaced, restated or supplemented from time to time, the “**Credit Agreement**”):

- a) a Loan Agreement in the amount of \$500,000.00 made among PACE and the Credit Parties dated April 13, 2018.

The following amounts are owing for principal, interest and fees pursuant to the Credit Facilities, plus costs and expenses, pursuant to the Credit Agreement as of July 10, 2020:

Loan Number: 47169	Indebtedness
Principal	\$500,032.69
Interest calculated as at July 10, 2020	\$2,774.15
Sundry Balance	\$345.00
Interest Rate P+0.50%:	
Per Diem Rate @ \$102.75	
Total	\$503,151.84

Certain Events of Default have occurred under the Credit Agreement. Accordingly, on behalf of PACE, we hereby make formal demand for payment of \$503,151.84, together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by PACE (collectively, the “**Indebtedness**”). Payment is required to be made immediately.

Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

The Indebtedness and other obligations of the Debtor under the Credit Agreement are secured by, *inter alia*, a general security agreement granted by the Debtor dated April 13, 2018, which grants PACE, amongst other things, a security interest in any of and all of the Debtor's property, assets and undertakings; and

If payment of the Indebtedness is not received forthwith, PACE shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, steps to appoint an interim receiver, receiver or receiver and/or manager of the Debtor, in which case PACE will also be seeking all costs incurred in so doing.

On behalf of PACE, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**").

PACE hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP

D. Robb English

D. Robb English

DRE/ph
Encl.

cc: Client

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Courier

TO: **Forbes Resources Corp.**
 2807 Woodhull Road
 London, ON N6K 4S4

insolvent company / person

TAKE NOTICE that:

1. PACE Savings & Credit Union Limited (“**PACE**”), a secured creditor, intends to enforce its security on the property, assets and undertakings of Forbes Resources Corp. (the “**Debtor**”), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal property interests of the Debtor.
2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) a general security agreement between the Debtor and PACE dated April 13, 2018, which grants PACE, amongst other things, a security interest in any of and all of the Debtor’s property, assets and undertakings.
3. As at July 10, 2020, the total amount of the indebtedness secured by the Security is the sum of \$503,151.84 in principal and interest, plus accruing interest and recovery costs of PACE (including, without limitation, PACE’s legal and other professional fees).
4. PACE will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 13th day of July, 2020.

PACE Savings & Credit Union Limited
 by its lawyers, **Aird & Berlis LLP**

Per:

D. Robb English


D. Robb English

Brookfield Place, Suite 1800
 181 Bay Street, Box 754
 Toronto, ON M5J 2T9
 Tel: 416-863-1500
 Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

T A B L E

THIS IS **EXHIBIT "L"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2659751
Estate No. 35-2659751

In the Matter of the Notice of Intention to make a
proposal of:

Clearbeach Resources Inc.
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE
CONSEIL INC.**
Licensed Insolvency Trustee

Date of the Notice of Intention: July 22, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 22, 2020, 16:18

E-File/Dépôt Electronique

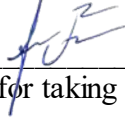
Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

TAB M

THIS IS **EXHIBIT "M"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2660091
Estate No. 35-2660091

In the Matter of the Notice of Intention to make a
proposal of:

Forbes Resources Corp.
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE
CONSEIL INC.**
Licensed Insolvency Trustee

Date of the Notice of Intention: July 23, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 23, 2020, 16:37

E-File/Dépôt Electronique

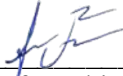
Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

T A B N

THIS IS **EXHIBIT "N"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

August 6, 2020

VIA EMAIL

Paul van Eyk pvaneyk@richter.ca
Richtor Canada
Bay Wellington Tower,
3510 - 181 Bay St
Toronto, ON M5J 2T3

Roger Jaipargas rjaipargas@blg.com
Borden Ladner Gervais
Bay Adelaide Centre
3400 - 22 Adelaide Street West
Toronto, ON M5H 4E3

Richard B. Swan swanr@bennettjones.com
Bennet Jones
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Dear Sirs:

Re: Proposal of Clearbeach Resources Inc. ("Clearbeach") and of Forbes Corp. ("Forbes") and Pace Savings and Credit United Limited ("Pace")

We confirm your advice that the debtors having filed a Notice of Intention to make a proposal, plan to run a sales process for their businesses and plan to seek DIP financing for that process and for the companies through their proposals.

We have reviewed the cash flows as provided with our client and we have discussed the matter with them. As you know, Pace is the largest creditor and is the first secured creditor of these debtors.

We wish to advise you that Pace does not support a sales process under a Debtor in Possession proceeding. Pace has lost confidence in management and does not believe that management should be in charge of any sales process. There is no reason for any proposal process to continue when a sale can be undertaken by a Receiver just as easily. Accordingly, we wish to advise you that Pace will move to terminate the proposal proceedings and to appoint a Receiver.

August 6, 2020
Page 2

As a courtesy, we wish you to be aware that Pace will object to any charge for the benefit professionals acting on behalf of the debtors in the proposal process, and as a consequence you may wish to consider the extent of your existing financial retainer.

We ask that we be given as much advance notice as possible with respect to any Court date for the extension of the proposal, or for other relief claimed by the debtors. We would propose to move to terminate the proposals, it would make sense that these matters be heard at the same time. We are asking the court for its availability and will advise you of the response.

We also wish to alert you that the second secured creditor, Crich Holdings, is represented by counsel, being Mr. Angelo D'Ascanio of Advocates LLP and his email address is a.d'ascanio@advocatesllp.com. We would expect that Mr. D'Ascanio would also require notice of any proceedings.

Thank you for your attention in this regard.

Yours very truly,

AIRD & BERLIS LLP

D. Robb English

D. Robb English
/DRE

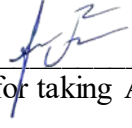
cc Jeremy Nemers
jnemers@airdberlis.com

41042431.1



TAB 0

THIS IS **EXHIBIT "O"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CLEARBEACH RESOURCES INC.**

CLEARBEACH RESOURCES INC.

Applicant

THE HONOURABLE MADAM
JUSTICE DIETRICH

)
)
)

THURSDAY, THE 20TH
DAY OF AUGUST, 2020

ORDER

THIS MOTION, made by Clearbeach Resources Inc. ("**Clearbeach**"), for an order transferring this proceeding to the Commercial List and granting a stay of this proceeding, was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1R7 and by videoconference.

ON READING the notice of motion, on hearing the submissions of the lawyers for Clearbeach, the proposal trustee Richter Advisory Group Inc., and PACE Savings & Credit Union Limited ("**PACE**") and being advised that they each consent to the order sought,

1. THIS COURT ORDERS that this proposal proceeding, having court file number 35-2659751 and estate file number 35-2659751, be transferred from the Ontario Superior Court of Justice in London, Ontario to the Commercial List in Toronto; and

2. THIS COURT ORDERS that this proposal proceeding be stayed pending further order of the Court following the return of the motion for a receivership order brought by PACE.

Dietrich J.

IN THE MATTER OF THE NOTICE INTENTION TO MAKE A PROPOSAL OF CLEARBEACH RESOURCES INC.

Court File No. 35-2659751
Estate File No. 35-2659751

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

PROCEEDING COMMENCED AT
LONDON

ORDER

BENNETT JONES LLP

Barristers

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Lawyers for Clearbeach Resources Inc.

From: "Farrugia, Tiffany (MAG)" <Tiffany.Farrugia@ontario.ca>

Date: August 21, 2020 at 9:54:58 AM EDT

To: Richard Swan <SwanR@bennettjones.com>, "swanr@bennettjones.com" <swanr@bennettjones.com>, "rjaipargas@blg.com" <rjaipargas@blg.com>, "renglish@airdberlis.com" <renglish@airdberlis.com>, Raj Sahni <SahniR@bennettjones.com>

Cc: "Anissimova, Alsou (MAG)" <Alsou.Anissimova@ontario.ca>, "Zeldin, Adam" <AZeldin@Richter.ca>

Subject: DIETRICH, J ORDERS CLEARBEACH AND FORBES HEARD AUG 20/2020 AT 1130AM relating to the PACE file court #CV-20-644116-00CL

Attention! Courriel externe | External Email

Good Morning,

Attached are the orders regarding the **Clearbeach and Forbes** matters heard at 11:30AM on August 20, 2020. Moreover, below is the endorsement as well as the attached counsel slip. See for details:

Endorsement

Before the court are two motions in which virtually identical relief is sought. The moving parties are Forbes Resources Corp. ("Forbes") and Clearbeach Resources Inc. ("Clearbeach"), respectively. Each seeks an order: i) to transfer a bankruptcy proceeding commenced in the Superior Court of Justice in London, Ontario to the Commercial List in Toronto; and ii) to stay the bankruptcy proceeding, briefly, pending the return of a motion for a receivership order.

Each of Forbes and Clearbeach is in the oil and gas business and their respective businesses are facing financial difficulty. On July 16, 2020, their lender, PACE Savings & Credit Union ("PACE"), commenced an application on the Commercial List in Toronto, in respect of each of them, seeking the appointment of a receiver. On July 22, 2020, each of Forbes and Clearbeach filed a notice of intention ("NOI") to make a proposal per section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA"). The NOI's were filed in the Superior Court of Justice in London, Ontario. On August 7, 2020, PACE gave notice of a motion in the proceeding commenced in London, Ontario to appoint a receiver of the assets of Forbes and Clearbeach and to terminate the NOI proceedings for both Forbes and Clearbeach.

A consolidation of these proceedings on the Commercial List in Toronto makes sense. The receivership application was brought on the Commercial List. Counsel to the parties are resident in Toronto and PACE has a branch office in Toronto. The transfer is in the interests of justice and judicial economy.

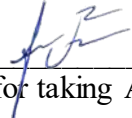
A brief stay of the proposal proceedings (estimated to be 7 – 14 days) is reasonable. It will permit the parties to further discuss an appropriate process going forward. During this time, the status quo will be maintained and the stay does not prevent PACE from advancing its receivership application at any time. See *Dondeb Inc.*, 2012 ONSC 6087, at paras. 23 and 24, where notices of intention to make a proposal were stayed and suspended pending further of the court where a Global Receivership Order was issued.

Each of PACE, Forbes, Clearbeach and the proposal trustee consents to the relief sought.

Orders to go the form of the drafts signed by me today. The Orders are effective as of today's date and it is not necessary that the Orders be entered.

T A B P

THIS IS **EXHIBIT "P"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

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

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

**CLEARBEACH RESOURCES INC., FORBES RESOURCES CORP.
and EASTERN OIL FIELD SERVICES LTD.**

Respondents

**APPLICATION UNDER SUBSECTION 47(1) AND 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS
OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

NOTICE OF ABANDONMENT

The Applicant abandons this application.

Date: September 23, 2020

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Miranda Spence (LSO #60621M)
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Roger Jaipargas
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Lawyers for Proposal Trustee

AND TO: **RICHTER ADVISORY GROUP INC.**
Bay Wellington Tower,
3510 - 181 Bay St
Toronto, ON M5J 2T

Paul van Eyk
Tel: 416.485.4592
Email: pvaneyk@richter.ca

Adam Zeldin
Tel: 416.646.7390
Email: AZeldin@Richter.ca

Proposal Trustee

AND TO: **BENNETT JONES LLP**
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Lawyers for Clearbeach Resources Inc. and Forbes Resources Corp.

AND TO: **BDO CANADA LIMITED**
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Brad Newton
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Proposed Receiver

AND TO: **ATTORNEY GENERAL OF CANADA**
Department of Justice Canada
Ontario Regional Office, Tax Law Section
120 Adelaide Street West, Suite 400
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AND TO: **MINISTRY OF FINANCE (ONTARIO)**
Legal Services Branch
777 Bay Street, 11th Floor
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Kevin O'Hara
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AND TO: **DENTONS CANADA LLP**
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Elaine Gray (LSO # 26915K)
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Fax: (416) 863-4592
Email: elaine.gray@dentons.com

Lawyers for Daimler Truck Financial, a business unit of Mercedes-Benz Financial Services Canada Corporation

AND TO: **SCOTT PETRIE LLP**
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London, ON N6A 5P6

Glenn Hines
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Email: ghines@scottpetrie.com

Lawyer for NRG Corp.

AND TO: **ADVOCATES LLP**
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Angelo C. D’Ascanio (LSO # 31462R)
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Lawyers for Crich Holdings and Buildings Limited

AND TO: **OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY CANADA**
Federal Building-London
451 Talbot Street, Suite 303
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Tel: 877.376.9902

AND TO: **MINISTRY OF NATURAL RESOURCES AND FORESTRY**
Whitney Block
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Toronto, ON M7A 1W3
Tel: 416.314.2002

Karen Inselsbacher (LSO # 371410)
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Email: Karen.inselsbacher@ontario.ca

Demetrius Kappos (LSO # 42866C)
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AND TO: **MINISTRY OF THE ATTORNEY GENERAL CROWN LAW OFFICE**
McMurty-Scott Building
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Toronto, ON M7A 2S9
Tel: 416.326.4008

Ananthan Sinnadurai (LSO # 60614G)
Tel: (416) 910-8789
Email: ananthan.sinnadurai@ontario.ca

PACE SAVINGS & CREDIT UNION LIMITED

and

**CLEARBEACH RESOURCES INC., FORBES RESOURCES
CORP. and EASTERN OIL FIELD SERVICES LTD.**

Applicant

Respondents

Court File No. CV-20-00644116-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

NOTICE OF ABANDONMENT

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Fax: (416) 863-1515

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Miranda Spence (LSO #60621M)

Tel: (416) 865-3414

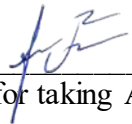
Fax: (416) 863-1515

Email: mspence@airdberlis.com

Lawyers for the Applicant

TAB Q

THIS IS **EXHIBIT "Q"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

Zeldin, Adam

From: Conway, Madam Justice Barbara (SCJ)
Sent: Thursday, October 1, 2020 2:53 PM
To: Raj Sahni; Roger Jaipargas; Robb English; Sinnadurai, Ananthan (MAG); Zeldin, Adam
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: RE: Pace Savings v. Clearbeach et al. CV-20-00644116-00CL
Attachments: Counsel Slip - Oct 1 2020 (004).DOCX

Importance: High

Attention! Courriel externe | External Email

Case conference held today by Zoom. Counsel slip attached.

On consent, the case conference is adjourned to **October 15, 2020 (30 minutes, starting at 9:30, confirmed by the CL office)**. It will be before Justice Gilmore, who is familiar with this matter. The parties are continuing their discussions and working on a path forward. On consent, the stay of the NOI proceedings will remain in effect until October 15, 2020 at 5:00 p.m., unless extended by the conference judge.



Superior Court of Justice (Toronto)

From: Raj Sahni
Sent: October 1, 2020 2:16 PM
To: Conway, Madam Justice Barbara (SCJ)
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List; Roger Jaipargas; Robb English; Sinnadurai, Ananthan (MAG) ; Zeldin, Adam
Subject: RE: Pace Savings v. Clearbeach et al. CV-20-00644116-00CL

Your Honour:

Attached please find the counsel slip for today's case conference before you.

Thank you



Raj Sahni
Partner*, Bennett Jones LLP
*Denotes Professional Corporation

Zeldin, Adam

From: Gilmore, Madam Justice Cory (SCJ) [REDACTED]
Sent: Thursday, October 15, 2020 9:58 AM
To: Raj Sahni; 'Robb English'; Zeldin, Adam; 'RJaipargas@blg.com'; Kar, Shahana (MAG); 'bonnell.andrew@ontario.ca'
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: Pace Savings v. Clearbeach et al. Court File No. CV-20-00644116-00CL

Attention! Courriel externe | External Email

Counsel: See my endorsement below.

Endorsement of Gilmore, J.

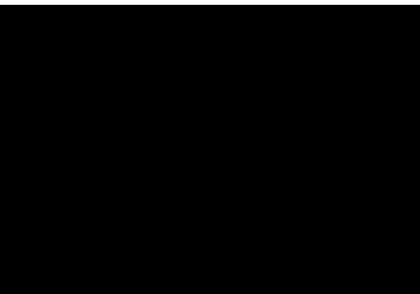
Counsel have agreed on a further two week adjournment to allow ongoing discussions with the Ministry of the Environment and permit Richter to deal with the transition into bankruptcy.

Therefore, I order as follows:

1. **A further Case Conference shall be scheduled by the Trial Coordinator for Thursday October 29, 2020 for 30 minutes. Any judge.**
2. The stay shall remain in effect through to the next Case Conference date at 5:00 p.m. unless extended by the Conference judge.

C. Gilmore, J.

October 15, 2020



Zeldin, Adam

From: Gilmore, Madam Justice Cory (SCJ) [REDACTED]
Sent: Thursday, October 15, 2020 1:39 PM
To: Raj Sahni; 'Robb English'; Zeldin, Adam; 'RJaipargas@blg.com'; Kar, Shahana (MAG)
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: Pace Savings v. Clearbeach et al. Court File No. CV-20-00644116-00CL

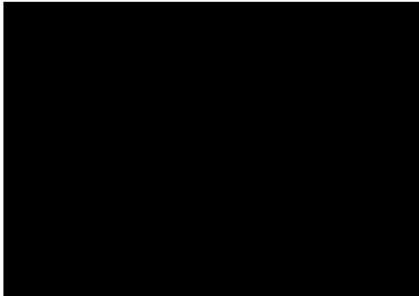
Attention! Courriel externe | External Email

Counsel:

Ms. Kar has pointed out that my endorsement sent out earlier today referenced the Ministry of the Environment. A correction is hereby made to the endorsement to refer to discussions with the Ministry of Natural Resources.

C. Gilmore, J.

October 15, 2020



Zeldin, Adam

From: Raj Sahni
Sent: Thursday, October 29, 2020 3:01 PM
To: Richard Swan; Robb English; van Eyk, Paul; Zeldin, Adam; Jaipargas, Roger; Ananthan (MAG; Angelo Dascanio)
Subject: FW: Pace Savings v. Clearbeach et al. Court File No. CV-20-00644116-00CL
Attachments: Clearbeach Counsel Slip - Oct 29 2020.DOCX

Attention! Courriel externe | External Email

Please see the below endorsement from Justice Cavanagh from this morning's case conference.



Raj Sahni
*Partner**, Bennett Jones LLP
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E. sahnir@bennettjones.com
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From: Cavanagh, Justice Peter (SCJ)
Sent: Thursday, October 29, 2020 2:47 PM
To: Raj Sahni
Cc: Anissimova, Alsou (MAG)
Subject: RE: Pace Savings v. Clearbeach et al. Court File No. CV-20-00644116-00CL

Mr. Sahni: See my endorsement below. Please circulate this to other counsel. This endorsement replaces and supersedes my endorsement sent a few minutes ago to clarify some language.

Endorsement:

Counsel slip is attached.

Counsel have agreed on a further adjournment to allow ongoing to deal with the transition into bankruptcy. Crich Holdings, a guarantor and preferred shareholder, does not oppose.

Therefore, I order as follows:

1. A further Case Conference shall held on Thursday November 19, 2020 at 2 p.m. for 30 minutes before Dietrich J.
2. The stay shall remain in effect through to November 19, 2020 at 5:00 p.m. unless extended by the Conference judge.

Zeldin, Adam

From: Conway, Madam Justice Barbara (SCJ)
Sent: Thursday, November 19, 2020 12:52 PM
To: Richard Swan; JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Cc: Danish Afroz; Robb English; van Eyk, Paul; Zeldin, Adam; Raj Sahni; Jaipargas, Roger; Sinnadurai, Ananthan (MAG); Angelo Dascanio
Subject: RE: Pace Savings v. Clearbeach et al. CV-20-00644116-00CL
Importance: High

Attention! Courriel externe | External Email

This matter proceeded before me today by Zoom. The names of the attendees are listed below.

All counsel have either consented to or do not oppose a further extension of the stay.

The stay shall remain in effect until **December 17, 2020 at 5:00 p.m., unless extended by this court.**

The next case conference to determine steps going forward is scheduled for **December 17, 2020 at 11 a.m. for 20 minutes (any judge, confirmed with the CL office).**



Superior Court of Justice (Toronto)

From: Richard Swan
Sent: November 19, 2020 12:30 PM
To: Conway, Madam Justice Barbara (SCJ) ; JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Cc: Danish Afroz; Robb English; Paul van Eyk; Zeldin, Adam; Raj Sahni; Jaipargas, Roger; Sinnadurai, Ananthan (MAG); Angelo Dascanio
Subject: RE: Pace Savings v. Clearbeach et al. CV-20-00644116-00CL

Your Honour,

The following counsel attended on today's case conference:

Richard Swan, Danish Afroz for Clearbeach Resources Inc. and Forbes Resources Inc.

Robb English for Pace Savings & Credit Union Ltd.

Roger Jaipargas – for Richter Inc. as Proposal Trustee

Ananthan Sinnadurai and Andrew Bonnell (Student-at-law) for Ontario Ministry of Natural Resources and Forestry

Also present: Adam Zeldin of Richter Inc.

Richard B. Swan

Zeldin, Adam

From: Jaipargas, Roger <RJaipargas@blg.com>
Sent: Thursday, December 17, 2020 11:38 AM
To: Zeldin, Adam; van Eyk, Paul
Subject: FW: Pace Savings v. Clearbeach et al. Court File No. CV-20-00644116-00CL

Attention! Courriel externe | External Email

Here is the endorsement.



Roger Jaipargas

T 416.367.6266 | RJaipargas@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St. W, Toronto, ON, Canada M5H 4E3

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Borden Ladner Gervais LLP

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From: Gilmore, Madam Justice Cory (SCJ)

Sent: December-17-20 11:33 AM

To: 'Robb English' <renglish@airdberlis.com>; Raj Sahni <sahnir@bennettjones.com>; Jaipargas, Roger <RJaipargas@blg.com>; Richard Swan <SwanR@bennettjones.com>

Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List

Subject: Pace Savings v. Clearbeach et al. Court File No. CV-20-00644116-00CL

[External / Externe]

Counsel: See my endorsement below.

Endorsement of Gilmore, J.

Today was a scheduling appointment for Clearbeach/Forbes' motion and Pace's cross-motion. **I confirm that the motions will proceed before me on January 14, 2021 at 10:00 a.m. 3 hours is booked. This date has been confirmed by the Trial Coordinator and counsel have confirmed their availability.**

Counsel to ensure any additional material is uploaded to the sync.com file and that an Outlook invite with the sync.com link and Zoom link is forwarded to me and the trial coordinator.

The two stays currently in place with respect to the NOI proceedings will continue until the hearing of the motions.

Counsel for Clearbeach to ensure this endorsement is sent to any counsel not copied or any other interested parties.

A handwritten signature in blue ink, appearing to read "C. Gilmore J.", written in a cursive style.

Madam Justice Cory A. Gilmore
Ontario Superior Court of Justice

[External / Externe]

The Respondents Clearbeach and Forbes (“the Debtors”) bring a motion for a bankruptcy transition Order for the benefit to be properly managed. The Applicant (“Pace”) supports a termination of the stay of proceedings in relation to the

subject to a stay which was originally ordered on August 20, 2020. The stay was extended several times to today's date. Prior to today's hearing, the Debtors and the Applicant agreed to the terms of a draft Order with respect to Pace's

The Court is concerned about a "gap" in the event that no operator is in place during any transition process specifically

A handwritten signature in blue ink, appearing to read "C. Amore T." with a stylized flourish.

Zeldin, Adam

From: Jaipargas, Roger <RJaipargas@blg.com>
Sent: Thursday, February 11, 2021 10:18 AM
To: van Eyk, Paul; Zeldin, Adam
Subject: FW: Pace Savings & Credit Union Limited v. Clearbeach Resources et al. - Court File No. CV-20-00644116-00CL

Attention! Courriel externe | External Email



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From: Gilmore, Madam Justice Cory (SCJ)
Sent: February-11-21 10:17 AM
To: Robb English <renglish@airdberlis.com>; Richard Swan <SwanR@bennettjones.com>; Raj Sahni <sahnir@bennettjones.com>; Jaipargas, Roger <RJaipargas@blg.com>; adascanio@scottpetrie.com; Sinnadurai, Ananthan (MAG) <Ananthan.Sinnadurai@ontario.ca>; Phoenix, Graham <gphoenix@loonix.com>
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: Pace Savings & Credit Union Limited v. Clearbeach Resources et al. - Court File No. CV-20-00644116-00CL

[External / Externe]

Endorsement of Gilmore, J.

Counsel for Pace seeks an adjournment of today's scheduled hearing to allow the parties time to work towards putting an operating agreement in place. The request is unopposed. Pending the return date the status quo will remain including a continuation of the stay of the NOI proceedings.

The matter will return before me on March 15, 2021 at 2:00 p.m. Counsel to advise me on updates prior to the appointment.

February 11, 2021

A handwritten signature in blue ink, appearing to read "C. Gilmore J.", with a stylized flourish at the end.

Madam Justice Cory A. Gilmore
Ontario Superior Court of Justice

Zeldin, Adam

From: Jaipargas, Roger <RJaipargas@blg.com>
Sent: Monday, March 15, 2021 4:20 PM
To: van Eyk, Paul; Zeldin, Adam
Subject: FW: Pace Savings & Credit Union Limited v. Clearbeach Resources et al. Court File No. CV-20-00644116-00CL

Attention! Courriel externe | External Email



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From: Gilmore, Madam Justice Cory (SCJ)

Sent: March-15-21 3:49 PM

To: Robb English <renglish@airdberlis.com>; Richard Swan <SwanR@bennettjones.com>; Raj Sahni <sahnir@bennettjones.com>; Jaipargas, Roger <RJaipargas@blg.com>; adascanio@scottpetrie.com; Sinnadurai, Ananthan (MAG); Phoenix, Graham <gphoenix@loonix.com>

Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List

Subject: Pace Savings & Credit Union Limited v. Clearbeach Resources et al. Court File No. CV-20-00644116-00CL

[External / Externe]

Endorsement of Gilmore, J.

The parties are working on a settlement and have requested an adjournment. Pending the return date the status quo will remain including a stay of the NOI proceedings.

The matter will return before me on April 29, 2021 at 9:30 a.m. for one hour.

March 15, 2021

A handwritten signature in blue ink, appearing to read "C. Gilmore J.", with a stylized flourish at the end.

Madam Justice Cory A. Gilmore
Ontario Superior Court of Justice

Zeldin, Adam

From: Jaipargas, Roger <RJaipargas@blg.com>
Sent: Thursday, April 29, 2021 3:00 PM
To: Zeldin, Adam
Subject: FW: Pace Savings et al. v. Clearbeach Resources et al. Court File No. CV-20-00644116-00CL

Attention! Courriel externe | External Email



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From: Gilmore, Madam Justice Cory (SCJ)

Sent: April-29-21 9:51 AM

To: 'Robb English' <renglish@airdberlis.com>; Jaipargas, Roger <RJaipargas@blg.com>; van Eyk, Paul <PvanEyk@Richter.ca>; Raj Sahni <sahnir@bennettjones.com>; adascanio@scottpetrie.com; Sinnadurai, Ananthan (MAG)

Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List

Subject: Pace Savings et al. v. Clearbeach Resources et al. Court File No. CV-20-00644116-00CL

[External / Externe]

Endorsement of Gilmore, J.

Counsel are working on a settlement and require more time to complete it for Court approval. **The matter is adjourned on consent to May 20, 2021 at 2:00 p.m. for one hour to finalize the settlement.**

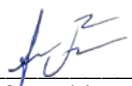
Pending the return date, the status quo will remain including a stay of the NOI proceeding.

April 29, 2021

C. *Chrysothrix* →

TAB R

THIS IS **EXHIBIT "R"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

Clearbeach Resources Inc.

Balance Sheet
As at March 31, 2021
Unaudited

ASSETS

	<u>March 31, 2021</u>
CURRENT	
Cash	225,758
Accounts Receivable	101,383
Prepays and Security deposits	110,063
	<u>437,204</u>
FIXED	
Land	30,000
Buildings	89,120
Compression, machinery and equipment	33,568
Office equipment and furniture	31,538
PNG Rights	18,745,890
	<u>18,930,117</u>
Less	
Accumulated Depletion & Depreciation	10,791,174
	<u>8,138,943</u>
OTHER	
Well Bond	256,201
Related Party Loans	1,007,417
	<u>1,263,618</u>
TOTAL ASSETS	<u>9,839,764</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT	
Accounts Payable & Accrued Charges	3,370,621
Non-related party loan	4,027,005
Pace debt	7,534,805
CIBC mortgage	66,803
	<u>14,999,234</u>
LONG-TERM	
Loan Shareholders	409,644
Decommissioning liabilities	6,257,999
	<u>6,667,643</u>
SHAREHOLDER'S EQUITY	
Common Shares	6,135,384
Preferred Shares	4,606,250
Retained Earnings	(19,341,728)
Preferred Share Dividend	(1,176,425)
Net Income (loss) for period	(2,050,593)
	<u>(11,827,113)</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>9,839,764</u>

TAB S

THIS IS **EXHIBIT "S"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

RESPONSE CONTAINS: APPROXIMATELY 13 FAMILIES and 30 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 13 ENQUIRY PAGE : 1 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 697869387 EXPIRY DATE : 10JUL 2021 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20140710 1022 1862 6065 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, UNIT D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13

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16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF 142062)

17 ADDRESS : 150 YORK STREET, SUITE 800

CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 13 ENQUIRY PAGE : 2 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 697869387

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1440 1793 9326

21 REFERENCE FILE NUMBER : 697869387

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: CLEARBEACH RESOURCES INC.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION AND (2) UPDATE

27 /DESCR: THE DEBTOR'S ADDRESS

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 13 ENQUIRY PAGE : 3 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 697869423 EXPIRY DATE : 10JUL 2021 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20140710 1025 1862 6068 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: ON-ENERGY CORP.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, UNIT D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF 142062)

17 ADDRESS : 150 YORK STREET, SUITE 800

CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 13 ENQUIRY PAGE : 4 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 697869423

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1436 1793 9321

21 REFERENCE FILE NUMBER : 697869423

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION AND (2) UPDATE

27 /DESCR: THE DEBTOR'S ADDRESS

28 :

02/05 IND/TRANSFeree:

03/06 BUS NAME/TRFEE: ON-ENERGY CORP.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6L4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 13 ENQUIRY PAGE : 5 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 697869423

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20191217 1406 1462 1784

21 REFERENCE FILE NUMBER : 697869423

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH
27 /DESCR: RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT
28 : TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

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

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 13 ENQUIRY PAGE : 6 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 719404317 EXPIRY DATE : 09AUG 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20160809 0938 1862 3132 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: LIBERTY OIL & GAS LTD.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, UNIT D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF 162361)

17 ADDRESS : 150 YORK STREET, SUITE 800

CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 3 OF 13 ENQUIRY PAGE : 7 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 719404317

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1434 1793 9318

21 REFERENCE FILE NUMBER : 719404317

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: LIBERTY OIL & GAS LTD.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) CHANGE THE NAME OF THE DEBTOR FROM "LIBERTY OIL &
27 /DESCR: GAS LTD." TO "ON-ENERGY CORP." PURSUANT TO ARTICLES OF AMALGAMATION

28 : AND (2) UPDATE THE COLLATERAL CLASSIFICATION

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: ON-ENERGY CORP.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 3 OF 13 ENQUIRY PAGE : 8 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 719404317

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20191217 1406 1462 1781

21 REFERENCE FILE NUMBER : 719404317

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH

27 /DESCR: RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT

28 : TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 13 ENQUIRY PAGE : 9 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 735127974 EXPIRY DATE : 21DEC 2022 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20171221 1017 1862 2600 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: ON-ENERGY CORP.
OCN :
04 ADDRESS : 185 MCEWAN STREET
CITY : BOTHWELL PROV: ON POSTAL CODE: N0P 1C0
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE ST., UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: CYBERBAHN

17 ADDRESS : 400-333 BAY STREET

CITY : TORONTO PROV: ON POSTAL CODE: M5H 2R2

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 4 OF 13 ENQUIRY PAGE : 10 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 735127974

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1436 1793 9320

21 REFERENCE FILE NUMBER : 735127974

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION AND (2) UPDATE

27 /DESCR: THE DEBTOR'S ADDRESS

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: ON-ENERGY CORP.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 4 OF 13 ENQUIRY PAGE : 11 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 735127974

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20191217 1406 1462 1783

21 REFERENCE FILE NUMBER : 735127974

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH
27 /DESCR: RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT
28 : TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

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

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 13 ENQUIRY PAGE : 12 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 736444287 EXPIRY DATE : 13FEB 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20180213 1119 1862 6086 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: ON-ENERGY CORP.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, UNIT D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
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

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16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF 173536)

17 ADDRESS : 150 YORK STREET, SUITE 800

CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 5 OF 13 ENQUIRY PAGE : 13 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444287

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1435 1793 9319

21 REFERENCE FILE NUMBER : 736444287

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO UPDATE THE DEBTOR'S ADDRESS

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: ON-ENERGY CORP.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 5 OF 13 ENQUIRY PAGE : 14 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444287

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20191217 1406 1462 1782

21 REFERENCE FILE NUMBER : 736444287

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH

27 /DESCR: RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT

28 : TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 6 OF 13 ENQUIRY PAGE : 15 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 736444305 EXPIRY DATE : 13FEB 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20180213 1121 1862 6087 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: LIBERTY OIL & GAS LTD.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, SUITE D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X
YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 GENERAL SECURITY AGREEMENT AND DEMAND DEBENTURE AS ADDITIONAL
14 SECURITY TO THE GUARANTEE IN RELATION TO THE LOAN MADE BY THE SECURED
15 PARTY TO ON-ENERGY CORP.
16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF173536)
17 ADDRESS : 150 YORK STREET, SUITE 800
CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 6 OF 13 ENQUIRY PAGE : 16 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444305

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 2 MV SCHED: 20190829 1433 1793 9317

21 REFERENCE FILE NUMBER : 736444305

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: LIBERTY OIL & GAS LTD.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) CHANGE THE NAME OF THE DEBTOR FROM "LIBERTY OIL &
27 /DESCR: GAS LTD." TO "ON-ENERGY CORP." PURSUANT TO ARTICLES OF

28 : AMALGAMATION, (2) UPDATE THE COLLATERAL CLASSIFICATION AND (3)

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: ON-ENERGY CORP.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 6 OF 13 ENQUIRY PAGE : 17 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444305

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 002 OF 2 MV SCHED: 20190829 1433 1793 9317

21 REFERENCE FILE NUMBER : 736444305

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON: REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM REGISTRATION NO.

27 /DESCR: 20180213 1121 1862 6087

28 :

02/05 IND/TRANSFeree:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 6 OF 13 ENQUIRY PAGE : 18 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444305

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20191217 1406 1462 1780

21 REFERENCE FILE NUMBER : 736444305

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH
27 /DESCR: RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT
28 : TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

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

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 7 OF 13 ENQUIRY PAGE : 19 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 736444323 EXPIRY DATE : 13FEB 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20180213 1122 1862 6088 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, UNIT D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 GENERAL SECURITY AGREEMENT AND DEMAND DEBENTURE AS ADDITIONAL
14 SECURITY TO THE GUARANTEE IN RELATION TO THE LOAN MADE BY THE SECURED
15 PARTY TO ON-ENERGY CORP.
16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF173536)
17 ADDRESS : 150 YORK STREET, SUITE 800
CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 7 OF 13 ENQUIRY PAGE : 20 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444323

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1439 1793 9325

21 REFERENCE FILE NUMBER : 736444323

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: CLEARBEACH RESOURCES INC.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION, (2) REMOVE THE

27 /DESCR: GENERAL COLLATERAL DESCRIPTION FROM REGISTRATION NO. 20180213 1122

28 : 1862 6088 AND (3) UPDATE THE DEBTOR'S ADDRESS

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 8 OF 13 ENQUIRY PAGE : 21 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 736444368 EXPIRY DATE : 13FEB 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20180213 1123 1862 6089 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: LIBERTY OIL & GAS LTD.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, SUITE D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 GUARANTEE OF THE OBLIGATIONS OF ON-ENERGY CORP.

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16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF 173536)

17 ADDRESS : 150 YORK STREET, SUITE 800

CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 8 OF 13 ENQUIRY PAGE : 22 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444368

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 2 MV SCHED: 20190829 1432 1793 9316

21 REFERENCE FILE NUMBER : 736444368

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: LIBERTY OIL & GAS LTD.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) CHANGE THE NAME OF THE DEBTOR FROM "LIBERTY OIL &

27 /DESCR: GAS LTD." TO "ON-ENERGY CORP." PURSUANT TO ARTICLES OF AMALGAMATION

28 : AND (2) REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM REGISTRATION

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: ON-ENERGY CORP.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6L4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 8 OF 13 ENQUIRY PAGE : 23 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444368

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 002 OF 2 MV SCHED: 20190829 1432 1793 9316

21 REFERENCE FILE NUMBER : 736444368

22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON: NO. 20180213 1123 1862 6089

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

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16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 8 OF 13 ENQUIRY PAGE : 24 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444368

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20191217 1115 1793 4706

21 REFERENCE FILE NUMBER : 736444368

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: ON-ENERGY CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH

27 /DESCR: RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT

28 : TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019

02/05 IND/TRANSFeree:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 9 OF 13 ENQUIRY PAGE : 25 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 736444386 EXPIRY DATE : 13FEB 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20180213 1124 1862 6090 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 309 COMMISSIONERS ROAD WEST, UNIT D
CITY : LONDON PROV: ON POSTAL CODE: N6J 1Y4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K 4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 GUARANTEE OF THE OBLIGATIONS OF ON-ENERGY CORP.

14
15

16 AGENT: MACDONALD SAGER MANIS LLP (DN/MF 173536)

17 ADDRESS : 150 YORK STREET, SUITE 800

CITY : TORONTO PROV: ON POSTAL CODE: M5H 3S5

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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 9 OF 13 ENQUIRY PAGE : 26 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

FILE NUMBER 736444386

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1439 1793 9324

21 REFERENCE FILE NUMBER : 736444386

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: CLEARBEACH RESOURCES INC.

25 OTHER CHANGE:

26 REASON: AMENDED TO (1) REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM

27 /DESCR: REGISTRATION NO. 20180213 1124 1862 6090 AND (2) UPDATE THE

28 : DEBTOR'S ADDRESS

02/05 IND/TRANSFeree:

03/06 BUS NAME/TRFEE: CLEARBEACH RESOURCES INC.

OCN:

04/07 ADDRESS: 2807 WOODHULL ROAD

CITY: LONDON PROV: ON POSTAL CODE: N6K4S4

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754

CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 10 OF 13 ENQUIRY PAGE : 27 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 738220212 EXPIRY DATE : 12APR 2022 STATUS :
01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20180412 1933 1531 9917 REG TYP: P PPSA REG PERIOD: 4
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 2807 WOODHULL RD
CITY : LONDON PROV: ON POSTAL CODE: N6K 4S4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
FORD CREDIT CANADA COMPANY
09 ADDRESS : PO BOX 2400
CITY : EDMONTON PROV: AB POSTAL CODE: T5J 5C7
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 2018 FORD F150 1FTEX1EB9JFA24362
12

GENERAL COLLATERAL DESCRIPTION

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16 AGENT: CANADIAN SECURITIES REGISTRATION SYSTEMS

17 ADDRESS : 4126 NORLAND AVENUE

CITY : BURNABY PROV: BC POSTAL CODE: V5G 3S8

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 11 OF 13 ENQUIRY PAGE : 28 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 739480932 EXPIRY DATE : 17MAY 2022 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20180517 1330 4085 3900 REG TYP: P PPSA REG PERIOD: 04
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 2807 WOODHULL RD
CITY : LONDON PROV: ON POSTAL CODE: N6K4S4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
FORD CREDIT CANADA COMPANY
09 ADDRESS : PO BOX 2400
CITY : EDMONTON PROV: AB POSTAL CODE: T5J 5C7
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 2018 FORD F150 1FTFW1E58JKE09761
12

GENERAL COLLATERAL DESCRIPTION

13
14
15

16 AGENT: D + H LIMITED PARTNERSHIP
17 ADDRESS : 2 ROBERT SPECK PARKWAY, 15TH FLOOR
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4J 1H8

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 12 OF 13 ENQUIRY PAGE : 29 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 745857855 EXPIRY DATE : 14NOV 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20181114 1623 1590 3234 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 2807 WOODHULL ROAD
CITY : LONDON PROV: ON POSTAL CODE: N6K 4S4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
CRICH HOLDINGS AND BUILDINGS LIMITED
09 ADDRESS : 560 WELLINGTON STREET
CITY : LONDON PROV: ON POSTAL CODE: N6A 3R4
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X X X
YEAR MAKE MODEL V.I.N.

11

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: MCKENZIE LAKE LAWYERS LLP

17 ADDRESS : 1800-140 FULLARTON STREET

CITY : LONDON PROV: ON POSTAL CODE: N6A 5P2

END OF FAMILY

*** 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: Clearbeach Resources Inc.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 13 OF 13 ENQUIRY PAGE : 30 OF 30

SEARCH : BD : CLEARBEACH RESOURCES INC.

00 FILE NUMBER : 762457851 EXPIRY DATE : 05JUN 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20200605 1549 1590 5098 REG TYP: P PPSA REG PERIOD: 3
02 IND DOB : IND NAME:
03 BUS NAME: CLEARBEACH RESOURCES INC.
OCN :
04 ADDRESS : 2807 WOODHULL ROAD
CITY : LONDON PROV: ON POSTAL CODE: N6K 4S4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
NRG CORP.
09 ADDRESS : UNIT 202, 920 COMMISSIONERS ROAD EAST
CITY : LONDON PROV: ON POSTAL CODE: N5Z 3J1
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X
YEAR MAKE MODEL V.I.N.
11
12

GENERAL COLLATERAL DESCRIPTION

13 ALL OIL AND GAS WELL LICENCES ACQUIRED BY 2661031 ONTARIO INC. FROM
14 THE SECURED PARTY PURSUANT TO AN ASSET PURCHASE AGREEMENT DATED
15 OCTOBER 31, 2018, AND SUBSEQUENTLY ASSIGNED TO THE DEBTOR.
16 AGENT: SCOTT PETRIE LLP
17 ADDRESS : 200-252 PALL MALL ST.
CITY : LONDON PROV: ON POSTAL CODE: N6A 5P6
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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: Forbes Resources Corp.

FILE CURRENCY: May 3, 2021

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 3 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: Forbes Resources Corp.

FILE CURRENCY: May 3, 2021

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 3

SEARCH : BD : FORBES RESOURCES CORP.

00 FILE NUMBER : 738372573 EXPIRY DATE : 18APR 2024 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20180418 1047 1793 9432 REG TYP: P PPSA REG PERIOD: 1
02 IND DOB : IND NAME:
03 BUS NAME: FORBES RESOURCES CORP.
OCN :
04 ADDRESS : 2807 WOODHULL ROAD
CITY : LONDON PROV: ON POSTAL CODE: N6K4S4
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
CITY : VAUGHAN PROV: ON POSTAL CODE: L4K4L7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X 13APR2019
YEAR MAKE MODEL V.I.N.

11

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GENERAL COLLATERAL DESCRIPTION

13 GENERAL SECURITY AGREEMENT

14

15

16 AGENT: PACE SAVINGS & CREDIT UNION LIMITED

17 ADDRESS : 8111 JANE STREET, UNIT 1

CITY : VAUGHAN PROV: ON POSTAL CODE: L4K4L7

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: Forbes Resources Corp.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 3

SEARCH : BD : FORBES RESOURCES CORP.

FILE NUMBER 738372573

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20190401 1003 1462 0659

21 REFERENCE FILE NUMBER : 738372573

22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: FORBES RESOURCES 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

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16 NAME : PACE SAVINGS & CREDIT UNION LIMITED

17 ADDRESS : 8111 JANE STREET, UNIT 1

CITY : VAUGHAN PROV : ON POSTAL CODE : L4K4L7

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: Forbes Resources Corp.

FILE CURRENCY: May 3, 2021

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 3 OF 3

SEARCH : BD : FORBES RESOURCES CORP.

FILE NUMBER 738372573

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20190829 1437 1793 9322

21 REFERENCE FILE NUMBER : 738372573

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: FORBES RESOURCES CORP.

25 OTHER CHANGE:

26 REASON: AMENDED TO UPDATE THE COLLATERAL CLASSIFICATION

27 /DESCR:

28 :

02/05 IND/TRANSFeree:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10 X X X X X

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16 NAME : AIRD & BERLIS LLP

17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754


CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

TAB T

THIS IS **EXHIBIT "T"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

THIS AGREEMENT MADE AS OF the ____ day of May, 2021 (this “**Settlement Agreement**”).

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED
 (“**Pace**”)

- and -

CLEARBEACH RESOURCES INC.
 (“**Clearbeach**”)

- and -

FORBES RESOURCES CORP.
 (“**Forbes**”)

- and -

JANE LOWRIE
 (“**Lowrie**”)

- and –

OIL PATCH SERVICES INC.
 (“**OIL PATCH**”)

- and –

JARVIS HOLDINGS INC. (“Jarvis”), BROOKWOOD RESOURCES INC. (“Brookwood”), 1782767 ONTARIO INC. (“1782767”), PETER BUDD (collectively, the “**Guarantors**”)

-and-

LAGASCO INC.
 (“**Lagasco**” and collectively with Pace, Clearbeach, Forbes, Lowrie, Oil Patch and the Guarantors, the “**Parties**” and each a “**Party**”)

SETTLEMENT AGREEMENT

WHEREAS Clearbeach is a party to a Variable Rate Business Loan Agreement dated August 7, 2014 and subsequently amended in December 2014 (as amended, the “**Clearbeach Loan Agreement**”), among Clearbeach, as borrower, ON-Energy Corp. (“**ON-Energy**”), Brookwood,

and 567322 Ontario Limited (“**567322**”), as guarantors, and Pace, as lender, pursuant to which, among other things, Pace advanced certain loans to Clearbeach;

AND WHEREAS as a result of ON-Energy’s and Liberty Oil and Gas Ltd.’s (“**Liberty**”) amalgamation with Clearbeach, and various guarantees provided by Clearbeach to Pace, Clearbeach is indebted to Pace pursuant to (i) a Variable Rate Business Loan Agreement dated August 4, 2016 and subsequently amended on April 23, 2018, between Liberty, as borrower, and Pace, as lender (the “**Liberty Loan**”), (ii) a Variable Rate Business Loan Agreement dated December 18, 2017 between ON-Energy, as borrower, Clearbeach and others, as guarantors, and Pace, as lender (the “**First ON-Energy Loan**”), and (iii) a Credit Facility Agreement dated February 15, 2018 and subsequently amended on April 23, 2018, between ON-Energy as borrower, Clearbeach and others, as guarantors, and Pace, as lender (the “**Second ON-Energy Loan**”);

AND WHEREAS to secure their respective obligations under the Clearbeach Loan Agreement, the Liberty Loan, the First ON-Energy Loan and the Second ON-Energy Loan (collectively, the “**Clearbeach Loans**”), Clearbeach, Liberty and ON-Energy granted various security interests to Pace in, among other things, their present and after acquired personal property, all lands and premises and existing and future leases (collectively, the “**Clearbeach/Pace Security**”);

AND WHEREAS the Clearbeach/Pace Security includes, without limitation, property, assets and undertakings related to the oil and gas business of Clearbeach (the “**Oil and Gas Collateral**”);

AND WHEREAS Forbes is a party to a Variable Rate Business Loan Agreement dated April 13, 2018, among Forbes, as borrower, Jarvis and Lowrie, as guarantors, and Pace, as lender (the “**Forbes Loan**” and together with the Clearbeach Loans, the “**Pace Loans**”);

AND WHEREAS to secure its obligations under the Forbes Loan, Forbes granted a security interest to Pace in all of its present and after acquired personal property (together with the Clearbeach/Pace Security and any and all other security held by Pace against Clearbeach, Forbes or any of their predecessors and any guarantees held by Pace and any security therefor in respect of the Pace Loans, the “**Pace Security**”);

AND WHEREAS pursuant to the Pace Security, Pace brought an application for the appointment of a receiver over the assets, property and undertakings of Forbes and Clearbeach, originally returnable on July 28, 2020 (the “**Receivership Application**”), which it abandoned on September 23, 2020;

AND WHEREAS in response to the Receivership Application, Clearbeach and Forbes each filed a Notice of Intention to make a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) on July 22, 2020 (the “**Clearbeach Proposal**”) and July 23, 2020 (together with the Clearbeach Proposal the “**NOI Proceedings**”), respectively;

AND WHEREAS the NOI Proceedings have been stayed from time to time by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and continue to be stayed as of the date of this Settlement Agreement;

AND WHEREAS Lagasco and Forbes commenced an action against Pace in the Ontario Superior Court of Justice under Court File No.: CV-20-00645472-0000 on August 11, 2020 (the “**Lagasco Claim**”);

AND WHEREAS Pace commenced an action against Lowrie through the amendment of a Statement of Claim under Court File No.: CV-19-00616388-00CL on February 10, 2021 (the “**Pace/Lowrie Claim**”);

AND WHEREAS Lowrie wishes to purchase the Pace Loans and Pace Security including, without limitation, the Oil and Gas Collateral, from Pace, and the Parties wish to mutually release one another from all other claims set out in the Lagasco Claim and the Pace/Lowrie Claim without costs and any claims arising out of or in connection therewith and to resolve all of the known and unknown facts and issues in dispute among them in respect of all of the known and unknown claims that have been or could be commenced or asserted by either Party against the other as at the date hereof or in the future based upon facts existing as at the date hereof relating to or arising from the Pace Loans, the Pace Security, the Lagasco Claim, the Pace/Lowrie Claim, the Receivership Application, the NOI Proceedings and the Oil and Gas Collateral, including for greater certainty, the release of all guarantees given by the Guarantors in respect thereof (collectively, the “**Settled Claims**”);

AND WHEREAS the Parties have negotiated and agreed to the terms of settlement set out in this Settlement Agreement, which is meant to achieve a mutually-beneficial, full and final settlement in respect of the Settled Claims;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The above recitals are true and accurate in all respects and form part of this Settlement Agreement together with the Schedules attached hereto.
2. Oil Patch or another entity designated by Lowrie (the “**Purchaser**”) shall pay or shall cause to be paid to Pace the sum of [REDACTED] (the “**Purchase Price**”) for the purchase of all of the Pace Loans and Pace Security. Pace agrees to assign the Pace Loans and Pace Security and all rights thereunder to the Purchaser pursuant to an Assignment and Assumption Agreement in the form attached hereto as Schedule “A” (the “**Assignment and Assumption Agreement**”), provided that such assignment shall be made on an “as is” basis with no warranty or representation of any nature.
3. Subject to the terms of this Settlement Agreement and receipt of the Approval Order (as defined below), Clearbeach agrees that Pace shall be entitled to retain the sum of approximately [REDACTED], being the estimated aggregate amount of all deposits received and held to date including funds received after the NOI Proceedings commenced in the accounts of Clearbeach with Pace, free of any claims from Clearbeach or other party, and acknowledges that Pace may setoff such funds from any amounts owing to Pace from

Clearbeach pursuant to the Clearbeach Loans as of the date hereof without challenge from Clearbeach.

4. Pursuant to a Release substantially in the form attached hereto as Schedule "B" (the "**Pace Guarantee Release**"), Pace shall release all guarantees held by Pace in connection with Clearbeach's and Forbes's indebtedness to Pace including, without limitation, under the Pace Loans, and any and all security held for such guarantees, including without limitation any and all guarantees held from or security granted by any of the Guarantors, Lowrie, or any other party in relation to any guarantee of the indebtedness of Clearbeach or Forbes to Pace, or any security for any such guarantee including, without limitation, Tribute Resources Inc., Oil Patch Services Inc., International Marine Energy Inc., Mar Wind Corp., Mar Silver Birch Limited Partnership, Minas Tidal 2 Inc. and Minas Tidal Limited Partnership. For greater certainty, the indebtedness of Eastern Oilfield Services Ltd. to Pace (the "**Eastern Debt**") and all security and guarantees therefor and security for any such guarantees was previously released as the Eastern Debt was repaid in full in July of 2020 and such repayment of the Eastern Debt release of all security and guarantors is hereby acknowledged and confirmed by Pace.
5. Pace shall transfer all of its right, title and interest in and to any and all shares held by Pace in Tribute Resources Inc. to Clearbeach for the sum of [REDACTED] pursuant to a Share Purchase Agreement substantially in the form attached hereto as Schedule "C" (the "**Share Purchase Agreement**").
6. Pace shall provide a consent to the dismissal of the Pace/Lowrie Claim substantially in the form attached hereto as Schedule "D" (the "**Pace/Lowrie Claim Release**"), on a strictly with prejudice and without costs basis.
7. Lagasco and Forbes shall provide a consent to the discontinuance of the Lagasco Claim substantially in the form attached hereto as Schedule "E" (the "**Lagasco Claim Release**"), on a strictly with prejudice and without costs basis.
8. Pace shall deliver to Clearbeach, Forbes, Lowrie, Lagasco and any affiliates or predecessors of such parties (collectively, the "**Pace Released Parties**") a release substantially in the form attached hereto as Schedule "F" (the "**Pace Release**") of any and all claims that Pace may have against the Pace Released Parties arising to the date hereof save and except for the following:
 - (a) any and all claims relating to the indebtedness and security interests as have been assigned to the Purchaser in accordance with paragraph 2 of this Settlement Agreement which claims shall reside with the Purchaser;
 - (b) any and all loans made by Pace to Lowrie solely in her personal capacity, or any security granted by Lowrie in her personal capacity for such loans, or by any guarantor of such loans;
 - (c) any liability for any loan(s) made by Pace to 1782767 or any guarantees of such loans or security held for such loan(s) of Pace to 1782767; and

- (d) the Parties acknowledge that Pace has, prior to this Settlement Agreement, received payment from 567322 pursuant to its guarantee, and nothing in this Agreement shall obligate Pace to indemnify any of the Pace Released Parties from any claims for contribution or indemnity which may be advanced by 567322 arising from the payment made pursuant to its guarantee or diminish or otherwise affect any defences of any Pace Released Parties or other person in respect of any such claims.
9. The Pace Released Parties shall provide to Pace a release of any and all claims substantially in the form attached hereto as Schedule "G" (the "**Pace Released Parties' Release**") that any of them may have against Pace arising to the date hereof including, without limitation:
- (a) any claims made or which could have been made in the Lagasco Claim or the Pace/Lowrie Claim;
 - (b) any claims arising from or related to the Pace Loans, or any action taken in an attempt to recover such loans or to enforce the Pace Security, including any such actions in connection with the Receivership Application or in relation to the NOI Proceedings;
 - (c) any claims arising from or relating to the operation of the accounts of Clearbeach or any other party with Pace, including the retention of funds in the account by way of setoff; and
 - (d) any claims relating to the receipt by Pace of payments prior to the execution of this Settlement Agreement under any other guarantees held by Pace or other security held by Pace.
10. The Parties agree that the implementation of this Settlement Agreement shall be conditional upon the resolution of the Clearbeach Proposal on terms acceptable to the Parties acting reasonably and receipt of an order substantially in the form attached hereto as Schedule "H" approving and giving full effect to this Settlement Agreement, including all of the Schedules attached hereto (the "**Approval Order**") in proceedings commenced by Clearbeach, Forbes and Brookwood (collectively, the "**Applicants**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). All costs of bringing the motion to convert the NOI proceedings to proceedings under the CCAA, including the fees of the monitor appointed by the Court thereunder (the "**Monitor**") shall be borne by the Purchaser, provided that all fees and expenses of MNP Ltd. arising up to the date of this Settlement Agreement shall be borne by Pace.
11. The Parties agree to complete this Settlement Agreement by way of interim closing at which time the following documents or items shall be exchanged in escrow as soon as reasonably practicable:
- (a) the Settlement Funds shall be paid to Aird & Berlis LLP in trust pending completion of the fulfilment of the conditions of this Settlement Agreement;

- (b) the Assignment and Assumption Agreement described in paragraph 2 of this Settlement Agreement shall be delivered to Bennett Jones LLP;
 - (c) the Pace Guarantee Release described in paragraph 4 of this Settlement Agreement shall be delivered to Bennett Jones LLP;
 - (d) the Share Purchase Agreement described in paragraph 5 of this Settlement Agreement shall be delivered to Bennett Jones LLP;
 - (e) the Pace/Lowrie Claim Release described in paragraph 6 of this Settlement Agreement shall be delivered to Bennett Jones LLP;
 - (f) the Lagasco Claim Release described in paragraph 7 of this Settlement Agreement shall be delivered to Aird & Berlis LLP;
 - (g) the Pace Release described in paragraph 8 of this Settlement Agreement shall be delivered to Bennett Jones LLP;
 - (h) the Pace Released Parties' Release described in paragraph 9 of this Settlement Agreement shall be delivered to Aird & Berlis LLP; and
12. Clearbeach shall apply to the Court and use commercially reasonable efforts to obtain the Approval Order. The Approval Order shall be in a form and content acceptable to the Parties, acting reasonably. In the event the Court declines to issue the Approval Order, this Settlement Agreement, including the Schedules attached hereto, shall be *void ab initio* and of no further force or effect.
13. All of the documentation exchanged at the interim closing pursuant to paragraph 11 of this Settlement Agreement, shall be retained by the Parties' respective counsel until such time as the Approval Order has been issued and is not subject to an unresolved application for leave to appeal, following which all such interim closing documents may be released from escrow.
14. The McIntosh Reports, the Sproule Report and any information contained therein as obtained by any party or utilized by any party in connection with the NOI Proceedings are not subject to any claim of privilege and may be utilized by Clearbeach in connection with seeking the Approval Order or other orders and by Pace for the purpose of other proceedings.
15. This Settlement Agreement is entered into for the purposes of settlement and compromise only. This Settlement Agreement will not in any way be construed as an admission by any Party, and the Parties each specifically disclaim any liability in connection with this Settlement Agreement, the Lagasco Claim and the Pace/Lowrie Claim.
16. The Parties hereby declare, represent and warrant that they have consulted with, and been advised by independent legal counsel with respect to the terms of this Settlement Agreement, that they have read and fully understand all of the terms and consequences of this Settlement Agreement, including all of the Schedules attached hereto, and that they

enter into this Settlement Agreement freely and voluntarily, without coercion or duress, and without reliance upon any representation, warranty, condition or agreement, whether written or oral, other than as expressly set out or referred to herein.

17. The Parties shall execute all documents, take all commercially reasonable steps, furnish the other Party such further information or assurances, and take such other actions and do such other things, as are necessary to accomplish the objectives of this Settlement Agreement, including its Schedules, and give effect thereto. Subject to paragraph 10 hereof, the Parties shall bear their own costs and expenses incurred in connection with this Settlement Agreement.
18. This Settlement Agreement may not be altered, amended or modified except by written agreement of the Parties and with the consent of the Proposal Trustee or Monitor, as applicable. This Settlement Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Any dispute arising out of or in connection with this Settlement Agreement shall be exclusively and finally determined by the Court.
19. The terms of this Settlement Agreement shall enure to the benefit of, and be binding upon, the Parties and their respective heirs, successors, assigns, executors, administrators, trustees, legal or personal representatives, insurers and predecessors, as applicable.
20. This Settlement Agreement, including the Schedules attached hereto, constitutes the entire agreement among the Parties, and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.
21. This Settlement Agreement, including the Schedules attached hereto, may be executed in counterparts, all of which taken together shall be deemed to constitute one and the same instrument, and a facsimile, email or electronically transmitted signature shall be deemed an original signature and of equally binding force and effect.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Settlement Agreement on the date first written above.

**PACE SAVINGS & CREDIT
UNION LIMITED**

Per:

Name:
Title:

I/we have authority to bind the corporation

Per:

Name:
Title:

I/we have authority to bind the corporation

**CLEARBEACH RESOURCES
INC.**

Per:

Name:
Title:

I have authority to bind the corporation

FORBES RESOURCES CORP.

Per:

Name:
Title:

I have authority to bind the corporation

LAGASCO INC.

Per:

Name:

Title:

I have authority to bind the corporation

JARVIS HOLDINGS INC.

Per:

Name:

Title:

I have authority to bind the corporation

**BROOKWOOD RESOURCES
INC.**

Per:

Name:

Title:

I have authority to bind the corporation

1782767 ONTARIO INC.

Per:

Name:

Title:

I have authority to bind the corporation

OIL PATCH SERVICES INC.

Per:

Name:

Title:

I have authority to bind the corporation

WITNESS

JANE LOWRIE

Name:

WITNESS

PETER BUDD

Name:

SCHEDULE "A"
ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT OF DEBT AND SECURITY

THIS AGREEMENT made as of this _____ day of May, 2021.

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

(“Pace” or the “Assignor”)

OF THE FIRST PART

- and -

OIL PATCH SERVICES INC.

(the “Assignee”)

OF THE SECOND PART

- and -

CLEARBEACH RESOURCES INC.

(“Clearbeach”)

OF THE THIRD PART

- and –

FORBES RESOURCES CORP.

(“Forbes” and together with Pace, the Assignee and Clearbeach,
the “Parties” and each a “Party”)

OF THE FOURTH PART

WHEREAS Clearbeach and Forbes are indebted to Pace (collectively, the “**Debt**”) under certain loan agreements more particularly described in Schedule “A” hereto (collectively, the “**Loan Agreements**”);

AND WHEREAS Pace has been granted and holds various security interests against Clearbeach, Forbes and certain of their predecessors, in respect of the Loan Agreements or in respect of guarantees in connection with the Loan Agreements, in, among other things, all of their present and after acquired personal property more particularly described in Schedule “B” hereto (collectively, the “**Security**”) as security for the repayment of the Debt;

AND WHEREAS the Assignee has offered to purchase all of Pace's right, title, and interest, in or with respect to the Loan Agreements, the Debt and the Security by paying the sum of [REDACTED] (the "**Settlement Amount**") together with other good and valuable consideration as set out in the Settlement Agreement entered into, among others, Pace, Clearbeach and the Assignee at or about the date hereof (the "**Settlement Agreement**");

AND WHEREAS the Assignee has requested and Pace has agreed to provide an assignment of the Loan Agreements, the Debt and the Security and the Assignee has consented to such assignment, in accordance with the Settlement Agreement;

AND WHEREAS, subject to approval of the Ontario Superior Court of Justice (*Commercial List*) (the "**Court**"), the Settlement Agreement will take effect on the date set out in the Settlement Agreement or provided for in the Court order approving the Settlement Agreement (the "**Settlement Date**");

NOW THEREFORE in consideration of the payment of the Settlement Amount, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Payment of Settlement Amount

The Assignee agrees to pay the entirety of the Settlement Amount to Pace by certified check or wire transfer of immediately available funds on the Settlement Date.

2. Assignment

As of the Settlement Date and effective upon receipt of the full Settlement Amount, Pace hereby assigns, transfers and sets over unto the Assignee, its successors and assigns for the Assignee's own use and benefit absolutely, irrevocably and forever and without recourse (save and except as expressly set out herein) the Loan Agreements, the Debt and the Security and all the right, title and interest of the Assignor in the Loan Agreements, the Debt and the Security together with the full benefit of all powers and all covenants and provisos contained in the Loan Agreements and the Security including, without limitation, all remedies referred to or contained therein and all rights under the *Personal Property Security Act* (Ontario) or any other applicable legislation or at law and any evidence of the Debt owing to the Assignor effective as of the Settlement Date including all rights to receive principal, interest, fees, expenses, damages, penalties and other amounts in respect of the Debt.

3. Assignor Representations and Warranties

As of the Settlement Date Pace warrants and represents that:

- (a) the Security listed in Schedule "B" hereto is a complete list of all of the agreements which grant mortgages/charges against real property and/or security interests against personal property in favour of the Assignor currently held by the Assignor in respect of the Debt;

- (b) the Assignor has not released, discharged or previously assigned all or any part of the Debt or the Security, although it has previously received part payment of CAD\$1.5 million from 567322 Ontario Limited under its guarantee
- (c) the Assignor has not granted a security interest to any party or otherwise encumbered the Loan Agreements, the Debt or the Security; and
- (d) if the Assignor discovers any security or guarantees granted to it in respect of the Debt not listed in Schedule "B" hereto, the Assignor agrees to deliver such security to the Assignee in accordance with the terms hereof,

which representations and warranties shall survive the closing hereof.

4. No Other Representations and Warranties

The Assignee represents, warrants and covenants with the Assignor that, save for the representations contained sections 3 and 9 hereof, the Assignor has made no representations, warranties, covenants, agreements, promises or statements, express or implied or by statute, as to any cause, matter or thing whatsoever, including, without limitation, with respect to or in any way connected with the Loan Agreements, the Debt and the Security including, without limiting the generality of the foregoing, the validity, enforceability, registration, perfection or priority of the Security or any part thereof, or the nature, description or value of the collateral charged by the Security or any part thereof; provided that the Assignor shall support the Assignee in providing any evidence as to the validity, enforceability, perfection and priority of the Debt and Security before the Court or otherwise, as may be requested by the Assignee, and the Assignor shall not take any position contrary to the Assignee in respect thereof.

5. Assignee's Due Diligence

As of the Settlement Date, the Assignee acknowledges and agrees that it is accepting this Agreement subject to all claims, charges, liens or interests on or to the collateral or assets charged by the Security which take priority to or over the Security, if any. Clearbeach and Forbes each hereby acknowledge the Debt and the Security as valid and outstanding, and acknowledge receipt of notice of this assignment.

By its acceptance of this Agreement, the Assignee covenants and agrees with Pace that it will not bring, take or commence any suits, actions or proceedings of any nature or kind whatsoever in connection with the Security in the name of Pace and will not use Pace's name in any such suits, actions or proceedings other than for the purposes of describing the Security without Pace's prior written consent.

6. Registration of the Security

As of the Settlement Date, the Assignee undertakes and agrees to register such documents, file such statements, and give such notices and acknowledgments as may be required or prudent as a result of the transactions contemplated hereby, and hereby acknowledges and agrees that Pace will not be attending to any such things except the filing of a financing change statement to reflect this assignment or as specifically requested in writing by the Assignee, and to provide

such other assistance as may be requested by the Assignee to effect and record the assignment of the Debt and Security with any applicable personal property registry, land registry or otherwise, provided that any expense incurred with respect to such registration, filing, or notice is borne and paid for completely by the Assignee in advance.

7. Assignor's Deliverables

As of the Settlement Date, the Assignor undertakes agrees to deliver the original copies of the Security in Pace's possession to the Assignee forthwith following closing, and further agrees upon request to provide such evidence of the Debt and Security as it may have in its possession, provided however, that subject to section 3 hereof, Pace is in no other way obligated or required to deliver or provide possession of any other document, record, book, or thing of any kind whatsoever save for such statements as shall be reasonably required to establish that the Debt has been accurately stated herein.

8. Further Payments

Subject to the terms of the Settlement Agreement, the Assignor covenants that it will not, at any time from and after the Settlement Date, receive and accept payment on account of the Debt or any part of it. Notwithstanding the foregoing, if the Assignor has received, or receives in the future, any cash, securities or any other property which may be deposited, distributed, collected or paid in respect of the Debt, the Assignor shall promptly distribute any and all such amounts and property to the Assignee (free of any withholding, set-off, claim or deduction of any kind), within three (3) business days after the Assignor's receipt thereof and shall at all times prior to such distribution hold the same in trust for the sole benefit of the Assignee in accordance with the future instructions of the Assignee.

9. Mutual Representations

Each Party represents and warrants to the other Parties that: (1) all necessary action to execute and deliver this Agreement has been taken; (2) no notices, approvals, consents or authorizations are needed for the due execution, delivery and performance of this Agreement; and (3) this Agreement has been duly authorized, executed and delivered by such party and constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with the terms of this Agreement. The representations and warranties in this section 9 shall survive closing.

10. Further Assurances

The Parties shall execute all documents, take all commercially reasonable steps, furnish the other Party such further information or assurances, and take such other actions and do such other things, as are necessary to accomplish the objectives of this Agreement and give effect thereto and the transaction contemplated hereby. Without limiting the generality of the foregoing and without limiting the restrictions on the Assignor's warranties as set out elsewhere in this agreement, such further assurances will extend to using commercially reasonable efforts in the provision of evidentiary support for the validity of this assignment, for the validity and perfection of the security assigned and for the validity and amount of the assigned indebtedness, including by way of testimony in any subsequent proceedings or any orders of the court sought

by the Assignee, if requested by the Assignee, but provided that any reasonable expenses incurred in so doing shall be reimbursed by the Assignee as incurred.

11. Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

12. Entire Agreement

This Agreement, the Schedules attached hereto and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, undertakings and agreements. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. The Parties further acknowledge that Pace has accepted this agreement in accordance with the Settlement Agreement.

13. Benefit of Agreement; Assignment

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Except as specifically provided herein, each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the Parties and their successors and permitted assigns. No Party may assign its rights or benefits under this Agreement without the consent of the other Party. Notwithstanding the foregoing, the Assignee may direct Pace to transfer the Debt and the Security to such other person or entity as the Assignee may in writing direct prior to the Settlement Date, provided that no such direction shall affect the deposit, or the obligation of the Assignee to complete this Agreement.

14. Severability

Notwithstanding any provision herein, if a covenant or an agreement herein is prohibited or unenforceable pursuant to applicable law, then such covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

15. Titles and Headings

The division of this Agreement into sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

16. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

17. Execution in Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties have executed this assignment as of the date first mentioned above.

**PACE SAVINGS & CREDIT UNION
LIMITED**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the
Corporation

CLEARBEACH RESOURCES INC.

Per: _____
Name:
Title:

I have the authority to bind the Corporation

FORBES RESOURCES CORP.

Per: _____
Name:
Title:

I have the authority to bind the Corporation

OIL PATCH SERVICES INC.

Per: _____
Name:
Title:

I have the authority to bind the Corporation

SCHEDULE "A"
**STATEMENT OF INDEBTEDNESS OF CLEARBEACH RESOURCES INC. AND FORBES
RESOURCES CORP. TO PACE SAVINGS & CREDIT UNION LIMITED**

1. Variable Rate Business Loan Agreement dated August 7, 2014 and subsequently amended in December 2014 (as amended, the "**Clearbeach Loan Agreement**").
2. Variable Rate Business Loan Agreement dated August 4, 2016 and subsequently amended on April 23, 2018, between Liberty, as borrower, and Pace, as lender (the "**Liberty Loan**")
3. Variable Rate Business Loan Agreement dated December 18, 2017 between ON-Energy Corp., as borrower, Clearbeach Resources Inc. and others, as guarantors, and Pace Savings & Credit Union Limited, as lender (the "**First ON-Energy Loan**")
4. Credit Facility Agreement dated February 15, 2018 and subsequently amended on April 23, 2018, between ON-Energy Corp. as borrower, Clearbeach Resources Inc. and others, as guarantors, and Pace Savings & Credit Union Limited, as lender (the "**Second ON-Energy Loan**")
5. Variable Rate Business Loan Agreement dated April 13, 2018, among Forbes, as borrower, Jarvis Holdings Inc. and Lowrie, as guarantors, and Pace, as lender (the "**Forbes Loan**")

SCHEDULE "B"
SECURITY HELD BY PACE FOR THE INDEBTEDNESS OF CLEARBEACH

A. From CLEARBEACH RESOURCES INC.

1. Business Loan GSA dated August 7, 2014 (made in respect to the Clearbeach Resources Inc. Loan Agreement).
2. Fixed and Floating Demand Debenture Charge of \$8,000,000 providing a first charge and security interest (subject only to Permitted Liens as defined therein) on all the then present and future interest in real property of Clearbeach Resources Inc. (made in respect to the Clearbeach Resources Inc. Loan Agreement).
3. Business Loan GSA dated February 15, [**undated**] (made in respect to the variable rate business loan agreement dated December 18, 2017 together with Credit Facility Agreement dated February 15, 2018 as amended by a loan amending agreement dated April 23, 2018 (the "**On-Energy Loan Agreement #2**")).
4. Any property, assets and undertakings related to the oil and gas business of Clearbeach Resources Inc.

B. From ON-ENERGY CORP.

1. Business Loan GSA dated August 7, 2014 (made in respect to the Clearbeach Resources Inc. Loan Agreement).
2. Business Loan GSA dated December 18, [**undated**] (made in respect to the variable rate business loan agreement dated December 18, 2017 as amended by a loan amending agreement dated April 23, 2018 ("**On-Energy Loan Agreement #1**")).
3. Fixed and Floating Demand Debenture Charge of \$2,800,000 providing a first charge and security interest (subject only to Permitted Liens as defined therein) on all the then present and future interest in real property of On-Energy (made in respect to the On-Energy Loan Agreement #2).
4. Business Loan GSA dated February 15, [**undated**] granted by On-Energy in favour of the Lender (made in respect to the On-Energy Loan Agreement #2).

C. From LIBERTY OIL & GAS LTD

1. Business Loan GSA dated February 15, [**undated**] (made in respect to the On-Energy Loan Agreement #2).
2. Fixed and Floating Demand Debenture Charge of \$1,800,000 providing a first charge and security interest (subject only to Permitted Liens as defined therein) on all the then present and

future interest in real property of On-Energy (made in respect to the Liberty Oil Loan Agreement).

3. Business Loan GSA dated August 8, 2016 (made in respect to the Liberty Oil Loan Agreement).

D. From FORBES RESOURCES CORP.

1. Business Loan General Security Agreement dated April 13, 2018.

SCHEDULE "B"
PACE GUARANTEE RELEASE

RELEASE

IN CONSIDERATION of the receipt of the sum of [REDACTED], and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, PACE SAVINGS & CREDIT UNION LIMITED, for itself, its successors and assigns (collectively, the “**Releasor**”) does hereby release, remise and forever discharge JARVIS HOLDINGS INC., BROOKWOOD RESOURCES INC., PETER BUDD, 1782767 ONTARIO INC., JANE LOWRIE, TRIBUTE RESOURCES INC., OIL PATCH SERVICES INC., INTERNATIONAL MARINE ENERGY INC., MAR WIND CORP., MAR SILVER BIRCH LIMITED PARTNERSHIP, MINAS TIDAL 2 INC., MINAS TIDAL LIMITED PARTNERSHIP and each of their agents, officers, employees, servants, executives, successors and assigns (collectively, the “**Releasees**”) of and from any and all actions, causes of action, claims, crossclaims, suits, debts, dues, accounts, covenants, bonds, contracts and demands of any nature whatsoever arising to the date hereof, relating to or arising from any indebtedness or liability of CLEARBEACH RESOURCES INC., ON-ENERGY CORP., LIBERTY OIL & GAS LTD and/or FORBES RESOURCES CORP. to the Releasor, or pursuant to any guarantee signed by any of them in support of such indebtedness, liabilities and obligations, or relating to any security granted or the enforcement of any security granted in relation to such indebtedness or any other matter or thing related thereto, but expressly excluding any loans advanced by the Releasor to any of the Releasees, or any other guarantees given by any Releasee to the Releasor.

AND FOR THE SAID CONSIDERATION the Releasor represents and warrants that it has not assigned to any person or corporation any actions, causes of action, claims, crossclaims, suits, debts, dues, accounts, covenants, bonds, contracts and demands of any kind or nature referred to herein, although the Releasees acknowledge that the Releasor has previously received a payment from 567322 Ontario Limited which may claim to be entitled to claim contribution or indemnity from the Releasees, and which claim is not indemnified by the Releasor.

THE RELEASOR FURTHER covenants and agrees to not maintain or commence any action, proceeding or complaint against the Releasee in any way connected with any of the matters herein released and not to make any claim, or to commence or maintain any action or proceeding against any person or corporation in which any claim could arise against the Releasee for contribution, indemnity, declaratory or other relief in respect of any of the matters herein released. For greater certainty, the Releasee acknowledges that nothing in this paragraph or Release is intended to or shall prevent Financial Services Regulatory Authority of Ontario in its capacity as the Administrator of Pace, or Pace itself, from continuing or bringing any claim it may have against former or current directors, officers or employees of Pace arising from the losses incurred by Pace on the loans and transaction referenced in the Settlement Agreement to which this Release is appended, including but not limited to the claims set out in the action having court file number 19-00616388-00CL.

IT IS FURTHER AGREED AND UNDERSTOOD that this Release shall operate conclusively as an estoppel in the event of any claim, demand, action, complaint or proceeding which may be brought in the future by the Releasor with respect to the matters covered by this Release. This Release may be pleaded in the event of any such claim, demand, action, complaint or proceeding to dismiss the claim, demand, action, complaint or proceeding on a summary basis and no objection will be raised by the Releasor in any subsequent action that the other parties in the subsequent action were not privy to formation of this Release.

IT IS UNDERSTOOD AND AGREED that acceptance of the consideration is deemed to be no admission of liability whatsoever on the part of the Releasees.

THE RELEASOR HEREBY DECLARES that it fully understands the terms of this Release, that the terms stated are the sole consideration for this Release, that it voluntarily accepts those terms for the purpose of making a full and final compromise, adjustment and settlement of all claims as described herein and that it freely and voluntarily had this Release signed without duress and after having had the opportunity to obtain legal advice.

DATED at Toronto this ____ day of May, 2021.

**PACE SAVINGS & CREDIT UNION
LIMITED**

Per: _____
Name:
Title:

I/we have the authority to bind the
corporation

Per: _____
Name:
Title:

I/we have the authority to bind the
corporation

SCHEDULE "C"
SHARE PURCHASE AGREEMENT

ASSIGNMENT OF SHARES
OF
TRIBUTE RESOURCES INC.

FOR VALUE RECEIVED, the undersigned (the "**Assignor**") hereby assigns, conveys, sells, and transfers unto Clearbeach Resources Inc. (the "**Assignee**") all right, title, and interest of the Assignor in _____ shares of stock of Tribute Resources Inc. (the "**Company**"), comprising all shares of the Company held by the Assignor. The Assignor hereby irrevocably constitutes and appoints the corporate officers of the Company as Assignor's attorney-in-fact with full power of substitution in the premises to transfer the same on the books of the Company. In the event that the assignment of the shares of the Company is subject to the consent of a stock exchange or other regulatory consent or requirement, the Assignor shall hold the shares of the Company and all rights, entitlements and benefits in respect thereof, in trust for the Assignee until such time as such consent or regulatory requirements are obtained or met.

[Signature Page Follows]

Dated: May ___, 2021

Assignor:

Pace Savings & Credit Union Limited

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

SCHEDULE "D"
PACE/LOWRIE CLAIM RELEASE

Court File No.: CV-19-00616388-00CL

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

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED by its administrator, FINANCIAL SERVICES
REGULATORY AUTHORITY

Plaintiff

- and -

LARRY SMITH, PHILLIP SMITH, 1428245 ONTARIO LTD.,
809755 ONTARIO LTD. (a.k.a. ELECTIVE BENEFIT INSURANCE SERVICES),
MALEK SMITH, 1916761 ONTARIO LTD., ALISON GOLANSKI, 1724725 ONTARIO
LTD., FRANK KLEES, KLEES & ASSOCIATES LTD., RON WILLIAMSON,
R. WILLIAMSON CONSULTANTS LIMITED, RON WILLIAMSON QUARTER
HORSES INC., BRIAN HOGAN, BRENT BAILEY, DEBORAH BAKER, IAN
GOODFELLOW, AL JONES, WENDY MITCHELL, GEORGE POHLE, PETER
REBELLATI, JIM TINDALL, PAULINE WAINWRIGHT, NEIL WILLIAMSON, KIM
COLACICCO, and JANE LOWRIE

Defendants

CONSENT

The parties hereto, by their lawyers, hereby consent to an order dismissing this action
against the Defendant Jane Lowrie, in the form annexed hereto.

The respective lawyers also certify that the order being sought herein does not affect the
rights of any person under disability.

Date: May __, 2021

GOODMANS LLP
Lawyers for the Plaintiff

Date: May __, 2021

BENNETT JONES LLP
Lawyers for the Defendants

PACE SAVINGS & CREDIT UNION LTD. and
by its administrator FINANCIAL SERVICES
REGULATORY AUTHORITY
Plaintiff

LARRY SMITH et al.

Defendants

(Short title of proceeding)

Court File No.: CV-19-00616388-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT TORONTO

CONSENT

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Jason Wadden LSO# 46757M
jwadden@goodmans.ca
Michael Wilson LSO#: 646740
mwilson@goodmans.ca
Scott Kerr LSO# 72920P
skerr@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Plaintiff,
PACE Savings & Credit Union Ltd., by
its administrator, Financial Services
Regulatory Authority

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

THE HONOURABLE) DAY, THE DAY
)
) OF , 2021.

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED by its administrator, FINANCIAL SERVICES
REGULATORY AUTHORITY

Plaintiff

- and -

LARRY SMITH, PHILLIP SMITH, 1428245 ONTARIO LTD.,
809755 ONTARIO LTD. (a.k.a. ELECTIVE BENEFIT INSURANCE SERVICES),
MALEK SMITH, 1916761 ONTARIO LTD., ALISON GOLANSKI, 1724725 ONTARIO
LTD., FRANK KLEES, KLEES & ASSOCIATES LTD., RON WILLIAMSON,
R. WILLIAMSON CONSULTANTS LIMITED, RON WILLIAMSON QUARTER
HORSES INC., BRIAN HOGAN, BRENT BAILEY, DEBORAH BAKER, IAN
GOODFELLOW, AL JONES, WENDY MITCHELL, GEORGE POHLE, PETER
REBELLATI, JIM TINDALL, PAULINE WAINWRIGHT, NEIL WILLIAMSON, KIM
COLACICCO, and JANE LOWRIE

Defendants

ORDER

THIS MOTION, made by the Plaintiff, PACE SAVINGS & CREDIT UNION LIMITED
by its administrator, FINANCIAL SERVICES REGULATORY AUTHORITY, for an order
dismissing this action as against the Defendant Jane Lowrie, strictly with prejudice and without
costs, was read this day, at Toronto, Ontario.

ON READING the Consent of the parties, filed,

1. THIS COURT ORDERS that the action be and the same is hereby dismissed as against Jane Lowrie without costs.

PACE SAVINGS & CREDIT UNION LTD. v.
by its administrator FINANCIAL SERVICES
REGULATORY AUTHORITY
Plaintiff

LARRY SMITH et al.

Defendants

(Short title of proceeding)

Court File No.: CV-19-00616388-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT TORONTO

ORDER

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Jason Wadden LSO# 46757M
jwadden@goodmans.ca

Michael Wilson LSO#: 646740
mwilson@goodmans.ca

Scott Kerr LSO# 72920P
skerr@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Plaintiff,
PACE Savings & Credit Union Ltd., by
its administrator, Financial Services
Regulatory Authority

SCHEDULE "E"
LAGASCO CLAIM RELEASE

Court File No.: CV-20-00645472-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

LAGASCO INC. and FORBES RESOURCES CORP.

Plaintiffs

- and -

PACE SAVINGS & CREDIT UNION LTD.

Defendant

CONSENT

The parties hereto, by their lawyers, hereby consent to an order dismissing this action, in the form annexed hereto.

The respective lawyers also certify that the order being sought herein does not affect the rights of any person under disability.

Date: May____, 2021

BENNETT JONES LLP
Lawyers for the Plaintiffs

Date: May____, 2021

GOODMANS LLP
Lawyers for the Defendant

LAGASCO INC. et al.

and

PACE SAVINGS & CREDIT UNION LTD.

Plaintiffs

Defendant

(Short title of proceeding)

Court File No.: CV-20-00645472-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT TORONTO**

CONSENT

BENNETT JONES LLP
3400 One First Canadian Place P.O. Box 130
Toronto, ON M5X 1A4

Richard B. Swan (#32076A)
Email: swanr@bennettjones.com

William A. Bortolin (#65426V)
Email: bortolinw@bennettjones.com

Telephone: (416) 863-1200
Facsimile: (416) 863-1716

Lawyers for the Plaintiffs

Court File No.: CV-20-00645472-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE) DAY, THE DAY
)
) OF , 2021.

BETWEEN:

LAGASCO INC. and FORBES RESOURCES CORP.

Plaintiffs

- and -

PACE SAVINGS & CREDIT UNION LTD.

Defendant

ORDER

THIS MOTION, made by the Plaintiffs, Lagasco Inc. and Forbes Resources Corp., for an order dismissing this action strictly with prejudice and without costs, was read this day, at Toronto, Ontario.

ON READING the Consent of the parties, filed,

1. THIS COURT ORDERS that this action be and the same is hereby dismissed without costs.

LAGASCO INC. et al.

v.

PACE SAVINGS & CREDIT UNION LTD.

Plaintiffs

Defendant

(Short title of proceeding)

Court File No.: CV-20-00645472-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT TORONTO

ORDER

BENNETT JONES LLP
3400 One First Canadian Place P.O. Box 130
Toronto, ON M5X 1A4

Richard B. Swan (#32076A)
Email: swanr@bennettjones.com

William A. Bortolin (#65426V)
Email: bortolinw@bennettjones.com

Telephone: (416) 863-1200
Facsimile: (416) 863-1716

Lawyers for the Plaintiffs

SCHEDULE "F"
THE PACE RELEASE

R E L E A S E

IN CONSIDERATION of the payment of [REDACTED]
[REDACTED], which is hereby directed to be paid to Aird & Berlis LLP in Trust, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, PACE SAVINGS & CREDIT UNION LIMITED, for itself, its heirs, its executors and assigns (collectively the “**Releasor**”), does hereby release, remise and forever discharge CLEARBEACH RESOURCES INC., FORBES RESOURCES CORP., JANE LOWRIE and LAGASCO INC. and each of their agents, officers, employees, servants, executives, successors and assigns (collectively the “**Releasees**”) of and from any and all actions, causes of action, claims, crossclaims, suits, debts, dues, accounts, covenants, bonds, contracts and demands of any nature whatsoever arising to the date hereof, relating to or arising from any indebtedness or liability of the Releasees to the Releasor, or relating to any security granted or the enforcement of any security granted in relation to such indebtedness, or any matter raised in or which could have been raised in the actions actions commenced in the Ontario Superior Court of Justice under Court File No. CV-20-00645472-0000 and Court File No. CV-19-00616388-00CL, or any other matter or thing related thereto, but expressly excluding: (a) any and all claims relating to the indebtedness and security interests as have been assigned to Jane Lowrie or an entity controlled by Jane Lowrie, in accordance with the settlement agreement made among the parties to this Release on or as of the date hereof, which claims shall reside with Jane Lowrie or an entity controlled by Jane Lowrie (the “**Assignment**”); (b) any and all loans advanced by the Releasor to Jane Lowrie solely in her personal capacity, or any security granted by Jane Lowrie in her personal capacity for such loans, or by any guarantor of such loans; (c) any liability for any loan made by the Releasor to 1782767 Ontario Inc. or any guarantees of such loan or security held for such loan of the Releasor to 1782767 Ontario Inc.; and (d) any claim to retain and to exercise a right of setoff in respect of an amount of approximately [REDACTED]
[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] held in the account of Clearbeach Resources Inc. with the Releasor and applied to the indebtedness of Clearbeach Resources Inc. prior to the Assignment.

AND FOR THE SAID CONSIDERATION the Releasor represents and warrants that it has not assigned to any person or corporation any of the actions, causes of action, claims, crossclaims, suits, debts, dues, accounts, covenants, bonds, contracts and demands of any kind or nature referred to herein, excluding the Assignment, although the Releasees acknowledge that the Releasor has previously received a payment from 567322 Ontario Limited, which may claim to be entitled to claim contribution or indemnity from the Releasees, and which claim is not indemnified by the Releasor.

THE RELEASOR FURTHER covenants and agrees to not maintain or commence any action, proceeding or complaint against the Releasees in any way connected with any of the matters herein released and not to make any claim, or to commence or maintain any action or proceeding against any person or corporation in which any claim could arise against the Releasees for contribution, indemnity, declaratory or other relief in respect of any of the matters herein released. For greater certainty, the Releasee acknowledges that nothing in this paragraph or Release is intended to or shall prevent Financial Services Regulatory Authority of Ontario in its capacity as the Administrator of Pace, or Pace itself, from continuing or bringing any claim it may have against former or current directors, officers or employees of Pace arising from the losses incurred by Pace on the loans and transaction referenced in the Settlement Agreement to which this Release is appended, including but not limited to the claims set out in the action having court file number 19-00616388-00CL.

IT IS FURTHER AGREED AND UNDERSTOOD that this Release shall operate conclusively as an estoppel in the event of any claim, demand, action, complaint or proceeding which may be brought in the future by the Releasor with respect to the matters covered by this Release. This Release may be pleaded in the event of any such claim, demand, action, complaint or proceeding to dismiss the claim, demand, action, complaint or proceeding on a summary basis and no objection will be raised by the Releasor in any subsequent action that the other parties in the subsequent action were not privy to formation of this Release.

IT IS UNDERSTOOD AND AGREED that acceptance of the consideration is deemed to be no admission of liability whatsoever on the part of the Releasees.

THE RELEASOR HEREBY DECLARES that it fully understands the terms of this Release, that the terms stated are the sole consideration for this Release, that it voluntarily accepts those terms for the purpose of making a full and final compromise, adjustment and settlement of all claims as described herein and that it freely and voluntarily had this Release signed without duress and after having had the opportunity to obtain legal advice.

DATED this ____ day of May, 2021.

**PACE SAVINGS & CREDIT UNION
LIMITED**

By: _____
Name:
Title:

I/we have the authority to bind the
corporation

By: _____
Name:
Title:

I/we have the authority to bind the
corporation

SCHEDULE "G"
THE PACE RELEASED PARTIES' RELEASE

RELEASE

IN CONSIDERATION of the payment of [REDACTED], and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, CLEARBEACH RESOURCES INC., FORBES RESOURCES CORP., JANE LOWRIE, LAGASCO INC., JARVIS HOLDINGS INC., BROOKWOOD RESOURCES INC., PETER BUDD, and 1782767 ONTARIO INC., and each of them, for themselves, their heirs, their executors and assigns (collectively the “**Releasors**”), do hereby release, remise and forever discharge PACE SAVINGS & CREDIT UNION LIMITED and its agents, officers, employees, servants, executives and assigns (collectively the “**Releasees**”) of and from any and all actions, causes of action, claims, crossclaims, suits, debts, dues, accounts, covenants, bonds, contracts and demands of any nature whatsoever arising as at the date hereof, including without limitation any claims made or related to the actions commenced in the Ontario Superior Court of Justice under Court File No. CV-20-00645472-0000 and Court File No. CV-19-00616388-00CL; any claims arising from or related to the loans advanced by the Releasees to Clearbeach Resources Inc. (“**Clearbeach**”) or Forbes Resources Corp. (together with Clearbeach, the “**Debtors**”), or any action taken in an attempt to recover such loans or to enforce security for such loans, which security includes without limitation, property, assets and undertakings related to the oil and gas business of Clearbeach, including any such actions in connection with the receivership application brought by the Releasees and abandoned on September 23, 2020 respecting the Debtors, or in connection with the related Notices of Intention filed by the Debtors under the *Bankruptcy and Insolvency Act*; any claims arising from or relating to the operation of the accounts of Clearbeach or relating to the operation of the accounts of any other Releasor with the Releasee, including the retention of funds in the account by way of setoff; and any claims relating to the receipt by the Releasees of payments prior to the settlement agreement among the Releasees and Releasors executed on or as of the date hereof under any other guarantees held by the Releasees or other security held by the Releasees.

THE RELEASORS FURTHER covenant and agree to not maintain or commence any action, proceeding or complaint against the Releasees in any way connected with any of the matters herein released and not to make any claim, or to commence or maintain any action or proceeding against any person or corporation in which any claim could arise against the Releasees for contribution, indemnity, declaratory or other relief in respect of any of the matters herein released.

IT IS FURTHER AGREED AND UNDERSTOOD that this Release shall operate conclusively as an estoppel in the event of any claim, demand, action, complaint or proceeding which may be brought in the future by the Releasors with respect to the matters covered by this Release. This Release may be pleaded in the event of any such claim, demand, action, complaint or proceeding to dismiss the claim, demand, action, complaint or proceeding on a summary basis and no objection will be raised by the Releasors in any subsequent action that the other parties in the subsequent action were not privy to formation of this Release.

IT IS UNDERSTOOD AND AGREED that acceptance of the consideration is deemed to be no admission of liability whatsoever on the part of the Releasees.

THE RELEASORS HEREBY DECLARE that they fully understand the terms of this Release, that the terms stated are the sole consideration for this Release, that they voluntarily accept those terms for the purpose of making a full and final compromise, adjustment and settlement of all claims as described herein and that they freely and voluntarily had this Release signed without duress and after having had the opportunity to obtain legal advice.

DATED at Toronto this ____ day of May, 2021.

CLEARBEACH RESOURCES INC.

Per: _____
Name:

Title:

I have the authority to bind the corporation.

FORBES RESOURCES CORP.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

LAGASCO INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

JARVIS HOLDINGS INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

BROOKWOOD RESOURCES INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

1782767 ONTARIO INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

SIGNED, SEALED & DELIVERED
in the presence of:



Witness

JANE LOWRIE

SIGNED, SEALED & DELIVERED
in the presence of:



Witness

PETER BUDD

SCHEDULE "H"
APPROVAL ORDER

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) [●], THE [●]
JUSTICE GILMORE) DAY OF MAY, 2021
)

**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 OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC., FORBES RESOURCES
CORP. AND BROOKWOOD RESOURCES INC.**

Applicants

ORDER

THIS MOTION, made by Clearbeach Resources Inc., Forbes Resources Corp. and Brookwood Resources Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia*: (i) approving and giving effect to the Settlement Agreement attached hereto as Schedule "A" dated [●], 2021, and all schedules attached thereto (collectively, the "**Settlement Agreement**"), subject in all cases to the terms, conditions and exceptions provided in the Settlement Agreement; and (ii) authorizing and directing the Applicants and MNP Ltd., in its capacity as the court-appointed monitor of the Applicants under the CCAA (the "**Monitor**"), to take any and all steps necessary to give effect to the Settlement Agreement, was heard this day via videoconference as a result of the COVID-19 pandemic;

ON READING the Notice of Motion and the [Pre-filing Report] of the Monitor dated [●], 2021 (the "**Report**"), and the appendixes thereto, and on hearing the submissions of counsel for the Applicants, the Monitor, and Pace Savings & Credit Union Limited ("**Pace**") and such other

parties as were present, no one else appearing although duly served as appears from the affidavit of service of Joshua Foster sworn [●], 2021;

SERVICE

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

DEFINED TERMS

2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Report and the Settlement Agreement.

SETTLEMENT APPROVAL

3. **THIS COURT ORDERS** that the settlement, releases and other matters contemplated by the Settlement Agreement are hereby approved in their entirety, with such minor amendments as the parties to the Settlement Agreement may agree upon in writing, with the consent of the Monitor, and that the parties to the Settlement Agreement are hereby directed and empowered, *nunc pro tunc*, to execute and deliver the Settlement Agreement, and that such execution is approved. The Applicants and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the settlement, releases and other matters contemplated by the Settlement Agreement.

4. **THIS COURT ORDERS** that, pursuant to and in accordance with the terms of the Settlement Agreement, the releases attached as Schedules "B", "D", "E", "F" and "G" to the Settlement Agreement are binding and effective.

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these CCAA proceedings;

- (b) the NOI Proceedings and the declarations of insolvency made therein or in connection therewith;
- (c) any applications for any bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") in respect of one or more of any of the Applicants or any of their respective predecessors, successors or heirs (collectively, the "**Identified Parties**"), and any bankruptcy order issued pursuant to any such applications; and
- (d) any subsequent assignment in bankruptcy made in respect of any of the Identified Parties.

the payment to Pace of the Purchase Price shall be binding on any trustee in bankruptcy that is now or that may be appointed in respect of any of the Identified Parties and shall not be void or voidable by creditors of any of the Identified Parties, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA, the CCAA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial laws.

GENERAL

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

7. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

SCHEDULE "A"
SETTLEMENT AGREEMENT

**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 OR ARRANGEMENT OF CLEARBEACH RESOURCES INC., FORBES
RESOURCES CORP. AND BROOKWOOD RESOURCES INC.**

Court File No.: ●

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

ORDER

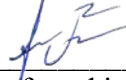
BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4
Richard Swan (LSO# 32076A)
Raj Sahni (LSO# 42924U)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicants

TAB U

THIS IS **CONFIDENTIAL EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 17th DAY OF MAY, 2021.



A Commissioner for taking Affidavits, etc.

CONFIDENTIAL

**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 OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.**

Court File No.: _____

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

Proceedings Commenced in Toronto

**AFFIDAVIT OF JANE LOWRIE
(Sworn May 17, 2021)**

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Richard Swan (LSO# 32076A)
Raj Sahni (LSO# 42924U)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicants

TAB 3

Court File No.: _____

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

THE HONOURABLE)	THURSDAY, THE 20 th
JUSTICE GILMORE)	DAY OF MAY, 2021
)	

**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 OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES RESOURCES
CORP.**

Applicants

INITIAL ORDER

THIS APPLICATION, made by Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. ("**Forbes**") (together, the "**Applicants**") for an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day via video conference.

ON READING the Application Record of the Applicants, the affidavit of Jane Lowrie sworn May 17, 2021 and the exhibits and confidential exhibits thereto, the Pre-Filing Report of MNP Ltd. ("**MNP**") in its capacity as the proposed monitor of the Applicants under the CCAA (the "**Report**"), filed, and the appendices and confidential appendices thereto, and the consent of MNP to act as the monitor of the Applicants (in such capacity, the "**Monitor**"), and on hearing the submissions of counsel for the Applicants, the Monitor, PACE Savings & Credit Union Limited, Richter Advisory Group Inc. ("**Richter**") in its capacity as the proposal trustee of Clearbeach and Forbes in the Proposal Proceedings (as defined below) (in such capacity, the "**Proposal Trustee**"), no one else appearing although duly served as appears from the affidavit of service of Joshua Foster sworn May 18, 2021;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record and the Report is hereby abridged, to the extent necessary, and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

CONTINUANCE UNDER THE CCAA

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

3. **THIS COURT ORDERS AND DECLARES** that the proposal proceedings (the “**Proposal Proceedings**”) of each of Clearbeach bearing Estate/Court File No.: 35-2659751 and Forbes bearing Estate/Court File No.: 35-2660091 commenced under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the “**BIA**”), are hereby taken up and continued under the CCAA and that, as of such date, the provisions of Part III of the BIA shall have no further application to Clearbeach or Forbes, save that any and all steps, agreements and procedures validly taken, done or entered into by Clearbeach or Forbes during the Proposal Proceedings shall remain valid and binding, notwithstanding the commencement of the CCAA proceedings.

4. **THIS COURT ORDERS** that each of Clearbeach and Forbes shall be deemed not to have made an assignment based on its failure to file a proposal with the official receiver notwithstanding s. 50.4(8) of the BIA.

5. **THIS COURT ORDERS** that, subject to further order of this Court, all orders of the Court granted in the Proposal Proceedings shall continue to be in full force and effect, except to the extent modified or spent or to the extent that such orders are inconsistent with the terms of this Order or the CCAA.

PLAN OF ARRANGEMENT

6. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

7. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”) and the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

8. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize their existing cash management system currently in place or replace it with another substantially similar cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

9. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses and satisfy the following obligations, whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, commissions, compensation, employee benefits, pension contributions, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or

after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

10. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

11. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

12. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, in accordance with past practice or on the terms pursuant to the lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. **THIS COURT ORDERS** that, except as specifically permitted herein or as permitted under any Order made in the Proposal Proceedings, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order, any Order made in the Proposal Proceedings, or any other Order of this Court.

RESTRUCTURING

14. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$500,000 in the aggregate;

- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

15. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants’ claim to the fixtures in dispute.

16. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing

herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

17. **THIS COURT ORDERS** that until and including May 30, 2021, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

18. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

19. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicants (in each case whether written or oral), except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

21. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before or arises after the date hereof and that relates to any obligation of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until

a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

23. **THIS COURT ORDERS** that the Applicants shall continue to indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

24. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$100,000.00, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 41 and 43 herein.

25. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

26. **THIS COURT ORDERS** that MNP is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

27. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (d) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (e) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) assist the Applicants with respect to the consideration, development and implementation of any restructuring initiatives;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable, including the services or employees of its affiliates, respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

28. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business

and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

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

30. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges and whether incurred prior to, on or after the date hereof, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants in accordance with the payment terms agreed to with such professionals.

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

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$100,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings and the Proposal Proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 hereof.

DISCHARGE OF RICHTER AS PROPOSAL TRUSTEE

35. **THIS COURT ORDERS** that the Proposal Trustee shall be discharged as proposal trustee of Clearbeach and Forbes, provided however that Richter shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Richter, in its capacity as proposal trustee of Clearbeach and Forbes.

36. **THIS COURT ORDERS AND DECLARES** that Richter is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Proposal Trustee for each of Clearbeach and Forbes. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the Proposal Proceedings for each of Clearbeach and Forbes.

37. **THIS COURT ORDERS** that Richter and Borden Ladner Gervais LLP (“**BLG**”), shall be entitled to payment of all of their respective fees and disbursements (the “**Richter/BLG Final Accounts**”) up to the date of this Order to the extent of any retainers held by Richter or BLG, and Richter and BLG shall be entitled to use any existing retainers that each of Richter and BLG may have from Clearbeach, for the payment of the Richter/BLG Final Accounts and any balance held by each of Richter or BLG on account of any retainers paid to Richter or BLG shall be remitted to Clearbeach.

38. **THIS COURT ORDERS** that BLG shall be under no obligation to act for Richter from and after the date of this Order.

39. **THIS COURT ORDERS** that nothing contained herein shall have required or require, as applicable, Richter, to occupy or to take control, care, charge, possession or management of any Property that might be environmentally contaminated, might be a pollutant or contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation including, without limitation, any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination under any applicable provincial or federal statute.

40. **THIS COURT ORDERS** that the First Report of Richter dated December 11, 2020 and the Supplement to the First Report of Richter dated December 16, 2020 (collectively, the “**First Report**”) and the activities of Richter, as described in the First Report, be and are hereby approved; provided, however that only Richter, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

VALIDITY AND PRIORITY OF THE CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Administration Charge and the Directors’ Charge (collectively, the “**Charges**”), shall be as follows:

First – Administration Charge up to the maximum amount of \$100,000.00; and

Second – Directors’ Charge up to the maximum amount of \$100,000.00.

42. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

43. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

44. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the applicable Charges (collectively, the “**Chargees**”), or further Order of this Court.

45. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which the Applicants are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SERVICE AND NOTICE

46. **THIS COURT ORDERS** that the Monitor's obligations under Section 23(1)(a) of the CCAA and the regulations made thereunder are hereby dispensed with.

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

48. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these CCAA proceedings (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness or making any changes to, the Service List.

49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and

that any such service or distribution shall be deemed to be received; (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

50. **THIS COURT ORDERS** that the Applicants and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

SEALING

51. **THIS COURT ORDERS** that the confidential appendices to the Report shall be and are hereby sealed, to be kept confidential and shall not form part of the public record pending further order of this Court.

GENERAL

52. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

53. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and

administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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

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

57. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

58. **THIS COURT ORDERS** that this Order is effective from today's date and is enforceable without the need for entry and filing.

**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 OR ARRANGEMENT OF CLEARBEACH RESOURCES INC.
AND FORBES RESOURCES CORP.**

Court File No.: _____

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

Proceedings commenced in Toronto

INITIAL ORDER

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Richard Swan (LSO# 32076A)

Raj Sahni (LSO# 42924U)

Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the Applicants

TAB 4

_____ Court File No. _____: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST—)

THE HONOURABLE _____)
)
JUSTICE _____) DAY OF MONTH, 20YR THURSDAY, THE
)
)
JUSTICE GILMORE) DAY OF MAY, 2021
)

IN THE MATTER OF THE ~~COMPANIES'~~COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~ (the "Applicant") CLEARBEACH
RESOURCES INC. AND FORBES RESOURCES CORP.

Applicants

INITIAL ORDER

THIS APPLICATION, made by ~~the Applicant,~~ Clearbeach Resources Inc. ("Clearbeach")
and Forbes Resources Corp. ("Forbes") (together, the "**Applicants**") for an initial order pursuant
to the ~~Companies'~~Companies' *Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the
"CCAA"), was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ via video conference.

ON READING the Application Record of the Applicants, the affidavit of ~~[NAME]~~ Jane
Lowrie sworn ~~[DATE]~~ May 17, 2021 and the ~~Exhibits~~ exhibits and confidential exhibits thereto, ~~and~~
~~on being advised that the secured creditors who are likely to be affected by the charges created herein were~~
~~given notice,~~ Pre-Filing Report of MNP Ltd. ("MNP") in its capacity as the proposed monitor of the
Applicants under the CCAA (the "**Report**"), filed, and the appendices and confidential appendices
thereto, and the consent of MNP to act as the monitor of the Applicants (in such capacity, the
"**Monitor**"), and on hearing the submissions of counsel for ~~[NAMES]~~ the Applicants, the Monitor,
PACE Savings & Credit Union Limited, Richter Advisory Group Inc. ("Richter") in its capacity

as the proposal trustee of Clearbeach and Forbes in the Proposal Proceedings (as defined below) (in such capacity, the “Proposal Trustee”), no one else appearing for [NAME]—although duly served as appears from the affidavit of service of [NAME] Joshua Foster sworn [DATE] and on reading the consent of [MONITOR’S NAME] to act as the Monitor, May 18, 2021;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application ~~and~~ the Application Record and the Report is hereby abridged, to the extent necessary, and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

CONTINUANCE UNDER THE CCAA

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~ Applicants are companies to which the CCAA applies.

3. **THIS COURT ORDERS AND DECLARES** that the proposal proceedings (the “Proposal Proceedings”) of each of Clearbeach bearing Estate/Court File No.: 35-2659751 and Forbes bearing Estate/Court File No.: 35-2660091 commenced under Part III of the Bankruptcy and Insolvency Act, R.S.C. 1985 c. B-3, as amended (the “BIA”), are hereby taken up and continued under the CCAA and that, as of such date, the provisions of Part III of the BIA shall have no further application to Clearbeach or Forbes, save that any and all steps, agreements and procedures validly taken, done or entered into by Clearbeach or Forbes during the Proposal Proceedings shall remain valid and binding, notwithstanding the commencement of the CCAA proceedings.

¹ ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

² ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

4. THIS COURT ORDERS that each of Clearbeach and Forbes shall be deemed not to have made an assignment based on its failure to file a proposal with the official receiver notwithstanding s. 50.4(8) of the BIA.

5. THIS COURT ORDERS that, subject to further order of this Court, all orders of the Court granted in the Proposal Proceedings shall continue to be in full force and effect, except to the extent modified or spent or to the extent that such orders are inconsistent with the terms of this Order or the CCAA.

PLAN OF ARRANGEMENT

3.6. THIS COURT ORDERS that the ApplicantApplicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4.7. THIS COURT ORDERS that the ApplicantApplicants shall remain in possession and control of ~~it~~their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). ~~Subject to further Order of this Court,~~ and the ApplicantApplicants shall continue to carry on business in a manner consistent with the preservation of ~~it~~their business (the "Business") and Property. The ApplicantApplicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5.8. THIS COURT ORDERS that the ApplicantApplicants shall be entitled to continue to utilize ~~the central~~their existing cash management system² currently in place ~~as described in the Affidavit of [NAME] sworn [DATE]~~ or replace it with another substantially similar ~~central~~ cash

² This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.

management system (the ~~"Cash Management System"~~) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~ Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~ Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

~~6.9.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall be entitled but not required to pay the following expenses and satisfy the following obligations, whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, commissions, compensation, employee ~~and pension~~ benefits, pension contributions, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~ Applicants in respect of these proceedings, at their standard rates and charges.

~~7.10.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~ Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~ Applicants in carrying on the Business in the ordinary course after this Order, and in

carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ApplicantApplicants following the date of this Order.

8.11. THIS COURT ORDERS that the ApplicantApplicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees'employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, ~~(iii) Quebec Pension Plan,~~ and ~~(iviii)~~ income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the ApplicantApplicants in connection with the sale of goods and services by the ApplicantApplicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ApplicantApplicants.

~~9.12.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~[or resiliated]~~⁴ in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the ~~Applicant~~Applicants and the landlord from time to time ~~(("Rent"))~~, for the period commencing from and including the date of this Order, ~~twice monthly in equal payments in accordance with past practice or on the first and fifteenth day of each month, in advance (but not in arrears)-~~terms pursuant to the lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

~~10.13.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, ~~or as permitted under any Order made in the Applicant is~~Proposal Proceedings, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Applicants to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order, any Order made in the Proposal Proceedings, or any other Order of this Court.

~~⁴The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

RESTRUCTURING

~~11.14.~~ **THIS COURT ORDERS** that the ApplicantApplicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined);~~ have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of ~~its~~their business or operations, ~~and to dispose of redundant or non-material assets not exceeding \$~~250,000~~ in any one transaction or \$~~500,000~~ in the aggregate;~~⁵
- (b) ~~terminate the employment of such of its~~their employees or temporarily lay off such of ~~its~~their employees as ~~it deems~~they deem appropriate~~;~~⁵; and
- (c) pursue all avenues of refinancing of ~~its~~the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the ApplicantApplicants to proceed with an orderly restructuring of the Business (the ~~"Restructuring"~~⁵).

~~12.15.~~ **THIS COURT ORDERS** that the ApplicantApplicants shall provide each of the relevant landlords with notice of the Applicant'sApplicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. ~~The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant'sApplicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the ApplicantApplicants, or by further Order of this Court upon application by the ApplicantApplicants on at least two (2) daysdays' notice to such landlord and any such secured creditors. If the Applicant disclaims [or resiliates]Applicants disclaim~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~they shall not be required to pay

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~[or resiliation]~~ of the lease shall be without prejudice to the ~~Applicant's~~Applicants' claim to the fixtures in dispute.

~~13.16.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~[or resiliation]~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~[or resiliation]~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~Applicants and the Monitor 24 ~~hours'~~hours' prior written notice, and (b) at the effective time of the disclaimer ~~[or resiliation]~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the ~~Applicant~~Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY

~~14.17.~~ **THIS COURT ORDERS** that until and including ~~[DATE—MAX:May 30—DAYS], 2021,~~ or such later date as this Court may order (the "~~Stay Period~~"), no proceeding or enforcement process in any court or tribunal (each, a "~~Proceeding~~") shall be commenced or continued against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

~~15.18.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "~~Persons~~" and each being a "~~Person~~") against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the

~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

~~16.19.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the ~~Applicant~~Applicants (in each case whether written or oral), except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

~~17.20.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll and benefits services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ~~Applicant~~Applicants, and that the ~~Applicant~~Applicants shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

~~18.21.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the date of this Order, nor

shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

~~19.22.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before or arises after the date hereof and that relates to any ~~obligations~~obligation of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

~~20.23.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall continue to indemnify ~~its~~their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Applicants after the commencement of the within proceedings,⁷ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the ~~director's~~director's or ~~officer's~~officer's gross negligence or wilful misconduct.

~~21.24.~~ **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge"⁸) on the

⁶ ~~This non derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

Property, which charge shall not exceed an aggregate amount of ~~\$.~~\$100,000.00, as security for the indemnity provided in paragraph ~~[20]23~~ of this Order. ~~The Directors' Charge shall have the priority set out in paragraphs [38]41 and [40]43 herein.~~

~~22.25.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the ~~Directors' Directors'~~ Charge, and (b) the ~~Applicant's Applicants'~~ directors and officers shall only be entitled to the benefit of the ~~Directors' Directors'~~ Charge to the extent that they do not have coverage under any ~~directors' directors'~~ and ~~officers' officers'~~ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]23~~ of this Order.

APPOINTMENT OF MONITOR

~~23.26.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]MNP~~ is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant Applicants~~ with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant Applicants~~ and ~~its their~~ shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant Applicants~~ pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the ~~Monitor's Monitor's~~ functions.

~~24.27.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the ~~Applicant's Applicants'~~ receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

~~(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other~~

~~information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~

~~(d)(c) advise the ApplicantApplicants in istheir preparation of the Applicant'sApplicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~

~~(e)(d) advise the ApplicantApplicants in istheir development of the Plan and any amendments to the Plan;~~

~~(f)(e) assist the ApplicantApplicants, to the extent required by the ApplicantApplicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

~~(g)(f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ApplicantApplicants to the extent that is necessary to adequately assess the Applicant'sApplicants' business and financial affairs or to perform its duties arising under this Order;~~

~~(g) assist the Applicants with respect to the consideration, development and implementation of any restructuring initiatives;~~

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable, including the services or employees of its affiliates, respecting the exercise of its powers and performance of its obligations under this Order; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

25:28. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26:29. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. -The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27:30. THIS COURT ORDERS that ~~that~~ the Monitor shall provide any creditor of the Applicant and the DIP Lender Applicants with information provided by the Applicant Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. -In the case of information that the Monitor has been advised by the Applicant Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant Applicants may agree.

28:31. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save

and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

~~29.32.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges and whether incurred prior to, on or after the date hereof, by the ~~Applicant~~Applicants as part of the costs of these proceedings. ~~The Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby~~ authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$● [, respectively.] to be held by them as security for payment of their ~~respective fees and disbursements outstanding from time to time~~Applicants in accordance with the payment terms agreed to with such professionals.

~~30.33.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

~~31.34.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and ~~the Applicant's~~ counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$●, \$100,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings, ~~and the Proposal Proceedings.~~ The Administration Charge shall have the priority set out in paragraphs ~~[38] and [40]~~41 and 43 hereof.

DIP FINANCING

DISCHARGE OF RICHTER AS PROPOSAL TRUSTEE

~~32.~~ **THIS COURT ORDERS** that the ~~Applicant is hereby authorized and empowered to~~ obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME] (the "DIP Lender") in~~ order to ~~finance the Applicant's working capital requirements and other general corporate~~

~~purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. — THIS COURT ORDERS THAT such credit facility Proposal Trustee shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated discharged as proposal trustee of [DATE] (the "Commitment Letter"), filed.~~

~~34. — THIS COURT ORDERS Clearbeach and Forbes, provided however that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. — THIS COURT ORDERS that the DIP Lender Richter shall be entitled continue to have the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is the provisions of all Orders made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~[38]~~ and ~~[40]~~ hereof.~~

~~36. — THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

~~(a) — the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~(b) — upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and~~

~~the DIP Lender's Charge in this proceeding, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~

~~(e)35. the foregoing rights and remedies of the DIP Lender shall be enforceable against any all approvals, protections and stays of proceedings in favour of Richter, in its capacity as proposal trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property of Clearbeach and Forbes.~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the Bankruptcy and Insolvency Act of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

~~36. THIS COURT ORDERS AND DECLARES that Richter is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Proposal Trustee for each of Clearbeach and Forbes. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the Proposal Proceedings for each of Clearbeach and Forbes.~~

~~37. THIS COURT ORDERS that Richter and Borden Ladner Gervais LLP ("BLG"), shall be entitled to payment of all of their respective fees and disbursements (the "Richter/BLG Final Accounts") up to the date of this Order to the extent of any retainers held by Richter or BLG, and Richter and BLG shall be entitled to use any existing retainers that each of Richter and BLG may have from Clearbeach, for the payment of the Richter/BLG Final Accounts and any balance held~~

by each of Richter or BLG on account of any retainers paid to Richter or BLG shall be remitted to Clearbeach.

38. THIS COURT ORDERS that BLG shall be under no obligation to act for Richter from and after the date of this Order.

39. THIS COURT ORDERS that nothing contained herein shall have required or require, as applicable, Richter, to occupy or to take control, care, charge, possession or management of any Property that might be environmentally contaminated, might be a pollutant or contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation including, without limitation, any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination under any applicable provincial or federal statute.

40. THIS COURT ORDERS that the First Report of Richter dated December 11, 2020 and the Supplement to the First Report of Richter dated December 16, 2020 (collectively, the “**First Report**”) and the activities of Richter, as described in the First Report, be and are hereby approved; provided, however that only Richter, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

VALIDITY AND PRIORITY OF THE CHARGES CREATED BY THIS ORDER

38.41. THIS COURT ORDERS that the priorities of the ~~Directors’ Charge, the Administration Charge and the DIP Lender’s~~ Directors’ Charge, as among them, (collectively, the “Charges”), shall be as follows⁹:

First – Administration Charge ~~(up to the maximum amount of \$●);~~ \$100,000.00; and

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

Second – ~~DIP Lender's Charge; and~~

~~Third~~ – Directors' Charge (~~up~~ to the maximum amount of \$~~●~~ \$100,000.00).

~~39.42.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

~~40.43.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, ~~"Encumbrances")~~) in favour of any Person.

~~41.44.~~ **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant ~~Applicants~~ shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the Applicant ~~Applicants~~ also ~~obtains~~ obtain the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~, applicable Charges (collectively, the "Charges"), or further Order of this Court.

~~42.45.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ Charges shall not be rendered invalid or unenforceable and the rights and remedies of the ~~chargees entitled to the benefit of the Charges (collectively, the "Charges") and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or

provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an ~~"Agreement")~~) which binds the ApplicantApplicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither~~ the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create or be deemed to constitute a breach by the ApplicantApplicants of any Agreement to which ~~it is~~ the Applicants are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the~~ creation of the Charges, ~~or the execution, delivery or performance of the Definitive Documents~~; and
- (c) the payments made by the ApplicantApplicants pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

~~43. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.~~

SERVICE AND NOTICE

~~44. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in [newspapers specified by the Court] a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it~~

~~publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.~~

46. THIS COURT ORDERS that the Monitor's obligations under Section 23(1)(a) of the CCAA and the regulations made thereunder are hereby dispensed with.

~~45.47.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~<http://www.ontariocourts.ca/scj/practice/practice-directions/Toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established and maintained by the Monitor in accordance with the Protocol with the following URL ~~<@>~~: <@> (the "Website").

48. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these CCAA proceedings (the "Service List"). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness or making any changes to, the Service List.

~~46.49.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ApplicantApplicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicant'sApplicants' creditors or other interested parties at their respective addresses as last shown on the records of the ApplicantApplicants and that any such service or distribution ~~by courier, personal delivery or facsimile transmission~~ shall be deemed to be received: (a) if sent by courier, on the next business

day following the date of forwarding thereof, ~~or~~ (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

50. THIS COURT ORDERS that the Applicants and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

SEALING

51. THIS COURT ORDERS that the confidential appendices to the Report shall be and are hereby sealed, to be kept confidential and shall not form part of the public record pending further order of this Court.

GENERAL

47.52. THIS COURT ORDERS that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or for advice and directions ~~in~~ concerning the discharge of ~~its~~ their respective powers and duties ~~hereunder~~ under this Order or the interpretation or application of this Order.

48.53. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~Applicant~~Applicants, the Business or the Property.

49.54. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada ~~or in~~, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the ~~Applicant~~Applicants, the Monitor and their respective agents in carrying out the terms of this Order.- All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to

provide such assistance to the ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

~~50.55.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor be at liberty and ~~is~~are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~51.56.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) ~~days~~days' notice to any other ~~party or parties~~Person(s) likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

~~52.57.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01- a.m. Eastern Standard/Daylight Time on the date of this Order.

~~58.~~ _____

THIS COURT ORDERS that this Order is effective from today's date and is enforceable without the need for entry and filing.

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 OR ARRANGEMENT OF CLEARBEACH RESOURCES INC.
AND FORBES RESOURCES CORP.

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

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TAB 5

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) THURSDAY, THE 20th
JUSTICE GILMORE) DAY OF MAY, 2021
)

**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 OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES RESOURCES
CORP.**

Applicants

ORDER

THIS APPLICATION, made by Clearbeach Resources Inc. and Forbes Resources Corp. (together, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia*: (i) approving and giving effect to the Settlement Agreement attached to the Affidavit of Jane Lowrie sworn May 17, 2021 (the "**Lowrie Affidavit**") as Confidential Exhibit "A", and all schedules attached thereto (collectively, the "**Settlement Agreement**"), subject in all cases to the terms, conditions and exceptions provided in the Settlement Agreement; and (ii) authorizing and directing the Applicants and MNP Ltd., in its capacity as the court-appointed monitor of the Applicants under the CCAA (the "**Monitor**"), to take any and all steps necessary to give effect to the Settlement Agreement, was heard this day via videoconference as a result of the COVID-19 pandemic;

ON READING the Application Record of the Applicants and the Pre-filing Report of the Monitor, filed (the "**Report**"), and the appendices and confidential appendices thereto, and on hearing the submissions of counsel for the Applicants, the Monitor, and PACE Savings & Credit

Union Limited (“**Pace**”) and such other parties as were present, no one else appearing although duly served as appears from the affidavit of service of Joshua Foster sworn May 18, 2021;

SERVICE

1. **THIS COURT ORDERS** that, to the extent necessary, the time for service of the Notice of Application, the Application Record and the Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Lowrie Affidavit and the Settlement Agreement.

SETTLEMENT APPROVAL

3. **THIS COURT ORDERS** that the settlement, releases and other matters contemplated by the Settlement Agreement are hereby approved in their entirety, with such minor amendments as the parties to the Settlement Agreement may agree upon in writing, with the consent of the Monitor, and that the parties to the Settlement Agreement are hereby directed and empowered, *nunc pro tunc*, to execute and deliver the Settlement Agreement, and that such execution is approved. The Applicants and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the settlement, releases and other matters contemplated by the Settlement Agreement.

4. **THIS COURT ORDERS** that, pursuant to and in accordance with the terms of the Settlement Agreement, the releases attached as Schedules “B”, “D”, “E”, “F” and “G” to the Settlement Agreement are binding and effective.

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these CCAA proceedings;

- (b) the NOI Proceedings and the declarations of insolvency made therein or in connection therewith;
- (c) any applications for any bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) in respect of one or more of any of the Applicants or any of their respective predecessors, successors or heirs (collectively, the “**Identified Parties**”), and any bankruptcy order issued pursuant to any such applications; and
- (d) any subsequent assignment in bankruptcy made in respect of any of the Identified Parties,

the payment to Pace of the Purchase Price shall be binding on any trustee in bankruptcy that is now or that may be appointed in respect of any of the Identified Parties and shall not be void or voidable by creditors of any of the Identified Parties, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA, the CCAA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial laws.

SEALING

6. **THIS COURT ORDERS** that Confidential Exhibit “A” to the Lowrie Affidavit shall be and is hereby sealed, to be kept confidential and shall not form part of the public record pending further order of this Court.

GENERAL

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

Order or to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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Court File No.: _____

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Proceedings commenced in Toronto

ORDER

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APPLICATION RECORD

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