

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

Estate/Court File No. 33-2276663

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

Estate/Court File No. 33-2276664

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**MOTION RECORD  
(Returnable August 2, 2017)  
(Re Approval of the Sale Transaction et al)**

JULY 28, 2017

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen- LSUC # 56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicants

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY  
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL INDUSTRIES INC. AND FUEL TECHNOLOGIES INC., CORPORATIONS WITH  
A HEAD OFFICE IN THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO

Applicants

SERVICE LIST

GENERAL	
<p><b>DENTONS CANADA LLP</b> Barristers &amp; Solicitors 77 King Street West #400 Toronto, ON M5K 0A1</p> <p><b>Counsel for the Debtors, Fuel Industries Inc. and Fuel Technologies Inc.</b></p>	<p><b>Sara Van Allen</b> Tel: (416) 863-4402 E-mail: <a href="mailto:sara.vanallen@dentons.com">sara.vanallen@dentons.com</a></p> <p><b>Phil Rimer</b> Tel: (613) 783-9634 E-mail: <a href="mailto:philip.rimer@dentons.com">philip.rimer@dentons.com</a></p>
<p><b>STIKEMAN ELLIOTT LLP</b> Barristers &amp; Solicitors 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9</p> <p><b>Counsel for the Purchaser, 2597485 Ontario Ltd.</b></p>	<p><b>Elizabeth Pillon</b> Tel: (416) 869-5623 E-mail: <a href="mailto:lpillon@stikeman.com">lpillon@stikeman.com</a></p> <p><b>Sanja Sopic</b> Tel: (416) 869-6825 E-mail: <a href="mailto:ssopic@stikeman.com">ssopic@stikeman.com</a></p> <p><b>Vlad Calina</b> Tel: (416) 869-5202 E-mail: <a href="mailto:vcalina@stikeman.com">vcalina@stikeman.com</a></p>

<p><b>CHAITONS LLP</b> 5000 Yonge Street, 10<sup>th</sup> Floor Toronto, ON M2N 7E9</p> <p><b>Lawyers for Richter LLP</b></p>	<p><b>Harvey Chaiton</b> Tel: (416) 218-1129 E-mail: <a href="mailto:harvey@chaitons.com">harvey@chaitons.com</a></p> <p><b>Sam Rappos</b> Tel: (416) 218-1137 E-mail: <a href="mailto:samr@chaitons.com">samr@chaitons.com</a></p>
<p><b>RICHTER LLP</b> Bay Wellington Tower 181 Bay St #3320 Toronto, ON M5J 2T3</p>	<p><b>Paul van Eyk</b> Tel: (416) 485-4592 E-mail: <a href="mailto:pvaneyk@richter.ca">pvaneyk@richter.ca</a></p> <p><b>Caleigh Smith</b> Tel: (416) 488-2345 E-mail: <a href="mailto:csmith@richter.ca">csmith@richter.ca</a></p> <p><b>Adam Sherman</b> Tel: (416) 642-4836 E-mail: <a href="mailto:asherman@richter.ca">asherman@richter.ca</a></p>

**SECURED CREDITORS**

<b>STIKEMAN ELLIOTT LLP</b> Barristers & Solicitors 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9  <b>Counsel for Chou Associates Management Inc.</b>	<b>Elizabeth Pillon</b> Tel: (416) 869-5623 E-mail: <a href="mailto:lpillon@stikeman.com">lpillon@stikeman.com</a>  <b>Sanja Sopic</b> Tel: (416) 869-6825 E-mail: <a href="mailto:ssopic@stikeman.com">ssopic@stikeman.com</a>  <b>Vlad Calina</b> Tel: (416) 869-5202 E-mail: <a href="mailto:vcalina@stikeman.com">vcalina@stikeman.com</a>
<b>SOLOWAY WRIGHT LLP</b> Barristers & Solicitors 427 Laurier Avenue West Ottawa, K1R 7Y2  <b>Counsel for Royal Bank of Canada</b>	<b>André Ducasse</b> Tel: (613) 782-3225 E-mail: <a href="mailto:aducasse@solowaywright.com">aducasse@solowaywright.com</a>
<b>DAHAVLAND CAPITAL CORPORATION</b> 220 Sparks Street Ottawa, ON K1P 5C1	
<b>DELL FINANCIAL SERVICES CANADA LIMITED</b> 155 Gordon Baker Road, Ste 501 North York, ON M2H 3N5	
<b>LBEL INC.</b> 5035 South Service Road Burlington, ON L7R 4C8	

**LANDLORDS**

<b>NORTON ROSE FULBRIGHT CANADA LLP</b> 45 O'Connor Street, Suite 1500 Ottawa, ON K1P 1A4  <b>COUNSEL FOR METCALFE REALTY COMPANY LIMITED</b>	<b>Ned Steinman</b> T: +1 613.780.8692 F: +1 613.230.5459  E-mail: <a href="mailto:ned.steinman@nortonrosefulbright.com">ned.steinman@nortonrosefulbright.com</a>



# INDEX

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

Estate/Court File No. 33-2276663

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

Estate/Court File No. 33-2276664

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**INDEX**

<b>TAB</b>	<b>DOCUMENT</b>	<b>PAGE NO.</b>
1.	Notice of Motion of Fuel Industries Inc.	6-15
2.	Notice of Motion of Fuel Technologies Inc.	16-25
3.	Affidavit of Michel Burns, sworn July 31, 2017	26-586
	Exhibit "A" Corporate Profile Report of Fuel Industries	45-53
	Exhibit "B" Corporate Organization Chart for the Canadian and U.S. Fuel Entities	54-55
	Exhibit "C" Corporate Profile Report of Fuel Technologies	56-63
	Exhibit "D" Capitalization table of Fuel Industries as at December 31, 2016	64-65

Exhibit "E"	Consolidated Unaudited Financial Statements dated December 31, 2016	66-68
Exhibit "F"	Copies of Fuel Industries' Audited Financial Statements for 2015 fiscal year	69-85
Exhibit "G"	2015 Credit Agreement dated February 9, 2015	86-115
Exhibit "H"	General Security Agreement dated February 9, 2015	116-129
Exhibit "I"	Specific Assignment Agreement dated February 9, 2015	130-144
Exhibit "J"	Intellectual Property and Software Transfer Agreement dated September 1, 2015	145-159
Exhibit "K"	Guarantee of Fuel Technologies	160-172
Exhibit "L"	General Security Agreement of Fuel Technologies	173-190
Exhibit "M"	Subordination Agreement dated February 5, 2015	191-200
Exhibit "N"	Letter agreement dated February 2, 2015 between Chou Management and RBC	201-204
Exhibit "O"	Subordination Agreement dated August 25, 2015	205-218
Exhibit "P"	Amendment to Loan Agreement dated February 5, 2016	219-223
Exhibit "Q"	Specific Assignment to the Tax Credits	224-240
Exhibit "R"	General Security Agreements from Fuel Technologies, Fuel Industries, Fuel Industries (U.S.) Inc., All Girl Arcade Inc., Fuel Entertainment Inc.	241-311
Exhibit "S"	Email correspondence between Francis Chou and Andy Wing	312-317
Exhibit "T"	RBC Loan Agreement, as amended	318-368
Exhibit "U"	RBC Forbearance Agreement dated February 9, 2017	369-393

Exhibit "V"	Guarantee and Indemnity Agreement dated August 24, 2015	394-400
Exhibit "W"	General Security Agreements from Fuel Industries and Fuel Technologies	401-438
Exhibit "X"	Assignment of Debt and Security Agreement dated May 23, 2017	439-445
Exhibit "Y"	Secured Term Loan dated January 1, 2017	446-449
Exhibit "Z"	RBC Demand letters and Notice of Intention to Enforce Security addressed to Fuel Industries dated January 13, 2017	450-456
Exhibit "AA"	Forbearance Agreement dated May 23, 2017	457-474
Exhibit "BB"	Fuel Consent to Appoint Receiver	475-476
Exhibit "CC"	Fuel Consent to Judgment	144-481
Exhibit "DD"	First Amendment to the Forbearance Agreement dated June 14, 2017	482-488
Exhibit "EE"	Second Amendment to the Forbearance Agreement dated June 27, 2017	489-496
Exhibit "FF"	Chou Management Demand Letters dated July 17, 2017	497-502
Exhibit "GG"	Chou Management Notices of Intention Enforce Security dated July 17, 2017	503-508
Exhibit "HH"	Fuel Advertisement	509-511
Exhibit "II"	Richter letter inviting submissions of binding proposals for Fuel business	512-514
Exhibit "JJ"	Notice of Intention to File a Proposal of Fuel Industries dated July 26, 2017	515-516
Exhibit "KK"	Notice of Intention to File a Proposal of Fuel Technologies dated July 26, 2017	517-518
Exhibit "LL"	DIP Term Sheet	519-528

	Exhibit "MM" Personal Property Security Registration Search Results	529-586
4.	Draft Approval and Vesting Order	587-595
5.	Administration Order	596-602

**TAB 1**

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**NOTICE OF MOTION  
(Returnable August 2, 2017)  
(Re Approval of the Sale Transaction et al)**

Fuel Industries Inc. (“**Fuel Industries**”) and together with Fuel Technologies Inc. the “**Fuel Companies**”), will make a motion to a judge presiding over the Commercial List on August 2, 2017 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:**

The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An order (the “**Approval and Vesting Order**”), substantially in the form of the draft order located at Tab 4 of the Motion Record:
  - (a) approving the sale transaction (the “**Sale Transaction**”) contemplated by an asset purchase agreement (the “**Sale Agreement**”) between the Fuel Companies and 2587485 Ontario Ltd. (the “**Purchaser**”) dated July 28, 2017;

- (b) vesting in the Purchaser the right, title and interest in and to the assets of the Fuel Companies to be sold pursuant to and as described in the Sale Agreement (the “**Purchased Assets**”);
2. An order (the “**Administration Order**”), substantially in the form of the draft order located at Tab 5 of the Motion Record:
- (a) approving the administrative consolidation of the Fuel Companies’ Proposal Proceedings (as hereinafter defined);
  - (b) approving the Debtor-in-Possession Term Sheet (the “**DIP Term Sheet**”) between the Fuel Companies and Chou Associates Management Inc. (the “**DIP Lender**”), implementing the interim financing facility (the “**DIP Facility**”) up to a maximum principal amount of \$350,000, and granting a super-priority charge against the Fuel Companies’ property (the “**Property**”) in favour of the DIP Lender (the “**DIP Charge**”); and
3. Such other relief as the Court may deem appropriate.

**THE GROUNDS FOR THE MOTION ARE:**

**Overview of the Fuel Companies’ Operations**

4. Fuel Industries and Fuel Technologies Inc. (“**Fuel Technologies**”) are both Ontario corporations and occupy the same head office located in Ottawa, Ontario. Fuel Industries is the operating entity of the Fuel Companies;
5. Fuel Industries is an online interactive and marketing agency which provides software programming and product development services in the fields of digital entertainment, immersive web experiences and video/audio production;
6. Fuel Industries wholly owns three U.S. subsidiaries- Fuel Industries (U.S.) Inc., with a head office in Los Angeles, California, Fuel Entertainment Inc. and All Girl



Arcade Inc. The latter two companies have no business activity or assets. There are also two additional U.S. companies in the Fuel empire- Fuel Games Inc. and MishMosh Inc., neither of which have any business activity or assets. The U.S. entities do not form part of these proceedings;

7. Fuel Technologies does not carry on operations and its assets primarily include its ownership of the intellectual property developed under the Fuel brand and shares in an online gaming tournament service provider;

8. The Fuel Companies share common management and administrative support and are both indebted to Chou Associates Management Inc. ("**Chou Management**") pursuant to credit facilities made available to them by Chou Management and the Royal Bank of Canada ("**RBC**") between 2013 and 2016, as further outlined below;

#### **The Fuel Companies' Indebtedness to Chou Management and RBC**

9. The largest secured creditor of the Fuel Companies is Chou Management, a privately owned, independent investment firm which manages assets for a broad range of individual and corporate investors throughout Canada. Pursuant to loan agreements dated February 9, 2015, as amended and June 22, 2016, as amended (collectively, the "**Chou Management Loan Agreements**"), the Fuel Companies have outstanding debts, liabilities and costs to Chou Management totalling [\$7,446,201.91] to July 27, 2017 (the "**Chou Management Indebtedness**");

10. The Chou Management Indebtedness is secured by general security agreements from Fuel Industries, Fuel Technologies and certain of the Fuel Companies' U.S. subsidiaries, and assignments of Fuel Industries' interest in the amounts refundable to it on account of the Ontario Interactive Digital Media Tax Credit (collectively, the "**Chou Management Security**");

11. RBC previously made credit facilities available to Fuel Industries pursuant to a loan agreement dated October 29, 2013, as amended in 2014, 2015, 2016 and 2017 and

assigned to Chou Management (the “**RBC Loan Agreement**”) pursuant to which Fuel Industries had outstanding debts, liabilities and obligations to Chou Management totaling \$303,895.75 as of May 23, 2017, inclusive of interest and costs (together with the amounts advanced during the Forbearance Period, as defined below, the “**RBC Indebtedness**”);

12. Fuel Technologies has guaranteed the repayment of the RBC Indebtedness. The RBC Indebtedness is secured by general security agreements from the Fuel Companies (the “**RBC Security**”);

### **Financial Difficulties and Forbearance Arrangements**

13. As a result of various factors including changing market competitions and a failure to monetize certain research and development initiatives, the Fuel Companies’ financial results have suffered significant losses commencing in 2014 and continuing to the date hereof;

14. Following Fuel Industries’ default on the RBC Loan Agreement, RBC delivered Notices of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) on January 13, 2017 and entered into a forbearance agreement with Fuel Industries which expired on May 10, 2017, at which time Fuel Industries remained in default of its obligations under the RBC Loan Agreement;

15. On May 23, 2017, RBC assigned to Chou Management all of RBC’s right, title and interest in the RBC Indebtedness, the RBC Loan Agreement and the RBC Security. The same date, the Fuel Companies entered into a Forbearance Agreement with Chou Management, as subsequently amended (the “**Chou Forbearance Agreement**”) pursuant to which Chou Management agreed to forbear from taking any enforcement steps in connection with the RBC Security and the Chou Management Security until July 14, 2017 (the “**Forbearance Period**”);

16. Chou Management entered into the Forbearance Agreement to provide the Fuel Companies with additional time to attempt to restructure their business and affairs and to secure financing to repay their indebtedness or seek a sale of the Fuel Companies' business as a going concern. Richter Advisory Group Inc. ("**Richter**") was appointed financial advisor to assist the Fuel Companies with this process during the Forbearance Period;

17. During the Forbearance Period, Chou Management extended further funds to the Fuel Companies to enable them to continue operations and make critical payables. These funds were advanced under the RBC loan facility that had been assigned to Chou Management, and total \$703,500, exclusive of interest;

18. The Forbearance Agreement expired on July 14, 2017, without being extended. The RBC Indebtedness and the Chou Management Indebtedness remain owing by the Fuel Companies to Chou Management in full. Chou Management delivered Notices of Intention to Enforce Security pursuant to section 244 of the BIA on July 17, 2017;

### **The Sale and Investor Solicitation Process**

19. It was a term of the Forbearance Agreement that the Fuel Companies would complete a sale and investor solicitation process (the "**SISP**") with Richter's supervision. The Fuel Companies had previously undertaken two marketing and sale processes in 2015 and 2016 in an attempt to sell their business, both of which were unsuccessful;

20. As part of the SISP, which commenced in May 2017, notices and teasers were circulated to prospective purchasers in the same industry as the Fuel Companies, including parties who had previously expressed interest in acquiring the Fuel Companies' business;

21. A data room was established in connection with the SISP and interested parties were invited to submit binding proposals for the purchase of the Fuel Companies' business on or before July 14, 2017;

22. Despite the efforts of Richter and the Fuel Companies, no acceptable arrangements could be made for the sale of the Fuel Companies' business to third parties;

### **The Sale Agreement**

23. During the Forbearance Period, Chou Management engaged in discussions with Richter and the Fuel Companies in connection with a proposed purchase of the business of the Fuel Companies, should the SISP not produce a satisfactory alternate purchaser;

24. On July 28, 2017, Chou Management and the Fuel Companies reached an agreement for the Sale Transaction, which involves the sale of substantially all of the property and undertaking of the Fuel Companies to the Purchaser, an Ontario corporation related to Chou Management and incorporated for this purpose. The Sale Transaction takes the form of a credit bid, whereby the Purchaser will acquire substantially all of the Fuel Companies' property, undertakings and assets in exchange for credit bidding and/or assumption of a portion of the RBC Indebtedness and the Chou Management Indebtedness;

25. The Sale Transaction will permit the Fuel Companies' business to be preserved and will result in a number of employees being offered employment by the Purchaser;

### **The NOI Proceedings**

26. On July 26, 2017, Fuel Industries and Fuel Technologies each filed a Notice of Intention to File a Proposal (the "NOI") under the BIA and commenced proposal proceedings (the "**Proposal Proceedings**");

27. The NOI filings were necessary to provide stability to the Fuel Companies and permit the implementation of the proposed Sale Transaction. Richter was appointed as Proposal Trustee in the Proposal Proceedings;

### **Administrative Consolidation**

28. As noted above, the Fuel Companies share common management and administrative support and have parallel loan obligations to Chou Management under the Chou Management Indebtedness and the RBC Indebtedness. In order to maximize the recovery for the Fuel Companies' stakeholders, and in furtherance of the principle of proportionality, it would be in the best interest of all interest persons if the Fuel Companies' Proposal Proceedings proceeded jointly;

### **DIP Financing and DIP Charge**

29. Chou Management has agreed to provide DIP Financing to the Fuel Companies, up to a maximum amount of \$350,000, subject to certain conditions including the Fuel Companies obtaining an Order in the Proposal Proceedings granting the DIP Charge in priority to all encumbrances;

30. The purpose of the DIP Financing is primarily to fund administrative and professional costs during the Proposal Proceedings. The DIP Financing is required due to the Fuel Companies' dire financial circumstances, which have severely limited their access to cash. The DIP Lender is Chou Management;

31. The Proposal Trustee supports the approval of DIP Financing and the granting of the DIP Charge. All creditors with registrations on the Personal Property Registration System will be provided with service of this motion;

### **Approval of the Sale Agreement and the Sale Transaction**

32. The Fuel Companies are currently insolvent and unable to repay their obligations to Chou Management. The Sale Transaction will permit the Fuel

Companies' business to continue as a going concern and the goodwill of the Fuel Companies' business to survive, as well as offering roles to a number of existing employees;

33. There exists no alternative going concern sale of the Fuel Companies' property following the completion of the SISP, and following two previous unsuccessful sale processes. A liquidation of the Fuel Companies' business would not be sufficient to satisfy their indebtedness to Chou Management and RBC, which was assigned to Chou Management;

34. In the circumstances, the Sale Agreement represents a fair value for the Fuel Companies' assets and is the most beneficial transaction for their stakeholders;

35. Given the deteriorating financial position of the Fuel Companies, the lack of any alternative agreement and the lack of alternative operating financing, the approval of the Sale Agreement and the immediate implementation of the Sale Transaction will ensure that the value of the Fuel Companies' business can be preserved;

## **General**

1. Sections 60, 64.2, 65.13, 66 and 84.1 of the BIA and the other provisions of the BIA;
2. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
3. Section 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c C. 43; and,
4. Such further grounds as counsel may advise and this Court may see fit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The Affidavit of Michel Burns sworn July 31, 2017, and the exhibits attached thereto;
2. The First Report of the Proposal Trustee; and
3. Such further and other materials as counsel may advise and this Court may permit.

July 28, 2017

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen- LSUC #  
56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

**Lawyers for the Applicant**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF  
~~OTTAWA~~ IN THE PROVINCE OF ONTARIO

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceeding commenced at Toronto

NOTICE OF MOTION  
(Re Approval of Sale Transaction et al)

DENTONS CANADA LLP  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

Sara-Ann Van Allen- LSUC # 56016C  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicant



TAB 2

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**NOTICE OF MOTION  
(Returnable August 2, 2017)  
(Re Approval of the Sale Transaction et al)**

Fuel Technologies Inc. (“**Fuel Technologies**”) and together with Fuel Industries Inc. the “**Fuel Companies**”), will make a motion to a judge presiding over the Commercial List on August 2, 2017 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:**

The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An order (the “**Approval and Vesting Order**”), substantially in the form of the draft order located at Tab 4 of the Motion Record:
  - (a) approving the sale transaction (the “**Sale Transaction**”) contemplated by an asset purchase agreement (the “**Sale Agreement**”) between the Fuel Companies and 2587485 Ontario Ltd. (the “**Purchaser**”) dated July 28, 2017;

- (b) vesting in the Purchaser the right, title and interest in and to the assets of the Fuel Companies to be sold pursuant to and as described in the Sale Agreement (the “**Purchased Assets**”);
2. An order (the “**Administration Order**”), substantially in the form of the draft order located at Tab 5 of the Motion Record:
- (a) approving the administrative consolidation of the Fuel Companies’ Proposal Proceedings (as hereinafter defined);
  - (b) approving the Debtor-in-Possession Term Sheet (the “**DIP Term Sheet**”) between the Fuel Companies and Chou Associates Management Inc. (the “**DIP Lender**”), implementing the interim financing facility (the “**DIP Facility**”) up to a maximum principal amount of \$350,000, and granting a super-priority charge against the Fuel Companies’ property (the “**Property**”) in favour of the DIP Lender (the “**DIP Charge**”); and
3. Such other relief as the Court may deem appropriate.

#### **THE GROUNDS FOR THE MOTION ARE:**

##### **Overview of the Fuel Companies’ Operations**

4. Fuel Industries Inc. (“**Fuel Industries**”) and Fuel Technologies are both Ontario corporations and occupy the same head office located in Ottawa, Ontario. Fuel Industries is the operating entity of the Fuel Companies;
5. Fuel Industries is an online interactive and marketing agency which provides software programming and product development services in the fields of digital entertainment, immersive web experiences and video/audio production;
6. Fuel Industries wholly owns three U.S. subsidiaries- Fuel Industries (U.S.) Inc., with a head office in Los Angeles, California, Fuel Entertainment Inc. and All Girl

Arcade Inc. The latter two companies have no business activity or assets. There are also two additional U.S. companies in the Fuel empire- Fuel Games Inc. and MishMosh Inc., neither of which have any business activity or assets. The U.S. entities do not form part of these proceedings;

7. Fuel Technologies does not carry on operations and its assets primarily include its ownership of the intellectual property developed under the Fuel brand and shares in an online gaming tournament service provider;

8. The Fuel Companies share common management and administrative support and are both indebted to Chou Associates Management Inc. ("**Chou Management**") pursuant to credit facilities made available to them by Chou Management and the Royal Bank of Canada ("**RBC**") between 2013 and 2016, as further outlined below;

#### **The Fuel Companies' Indebtedness to Chou Management and RBC**

9. The largest secured creditor of the Fuel Companies is Chou Management, a privately owned, independent investment firm which manages assets for a broad range of individual and corporate investors throughout Canada. Pursuant to loan agreements dated February 9, 2015, as amended and June 22, 2016, as amended (collectively, the "**Chou Management Loan Agreements**"), the Fuel Companies have outstanding debts, liabilities and costs to Chou Management totalling [\$7,446,201.91] to July 27, 2017 (the "**Chou Management Indebtedness**");

10. The Chou Management Indebtedness is secured by general security agreements from Fuel Industries, Fuel Technologies and certain of the Fuel Companies' U.S. subsidiaries, and assignments of Fuel Industries' interest in the amounts refundable to it on account of the Ontario Interactive Digital Media Tax Credit (collectively, the "**Chou Management Security**");

11. RBC previously made credit facilities available to Fuel Industries pursuant to a loan agreement dated October 29, 2013, as amended in 2014, 2015, 2016 and 2017 and

assigned to Chou Management (the “**RBC Loan Agreement**”) pursuant to which Fuel Industries had outstanding debts, liabilities and obligations to Chou Management totaling \$303,895.75 as of May 23, 2017, inclusive of interest and costs (together with the amounts advanced during the Forbearance Period, as defined below, the “**RBC Indebtedness**”);

12. Fuel Technologies has guaranteed the repayment of the RBC Indebtedness. The RBC Indebtedness is secured by general security agreements from the Fuel Companies (the “**RBC Security**”);

### **Financial Difficulties and Forbearance Arrangements**

13. As a result of various factors including changing market competitions and a failure to monetize certain research and development initiatives, the Fuel Companies’ financial results have suffered significant losses commencing in 2014 and continuing to the date hereof;

14. Following Fuel Industries’ default on the RBC Loan Agreement, RBC delivered Notices of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) on January 13, 2017 and entered into a forbearance agreement with Fuel Industries which expired on May 10, 2017, at which time Fuel Industries remained in default of its obligations under the RBC Loan Agreement;

15. On May 23, 2017, RBC assigned to Chou Management all of RBC’s right, title and interest in the RBC Indebtedness, the RBC Loan Agreement and the RBC Security. The same date, the Fuel Companies entered into a Forbearance Agreement with Chou Management, as subsequently amended (the “**Chou Forbearance Agreement**”) pursuant to which Chou Management agreed to forbear from taking any enforcement steps in connection with the RBC Security and the Chou Management Security until July 14, 2017 (the “**Forbearance Period**”);

16. Chou Management entered into the Forbearance Agreement to provide the Fuel Companies with additional time to attempt to restructure their business and affairs and to secure financing to repay their indebtedness or seek a sale of the Fuel Companies' business as a going concern. Richter Advisory Group Inc. ("**Richter**") was appointed financial advisor to assist the Fuel Companies with this process during the Forbearance Period;

17. During the Forbearance Period, Chou Management extended further funds to the Fuel Companies to enable them to continue operations and make critical payables. These funds were advanced under the RBC loan facility that had been assigned to Chou Management, and total \$703,500, exclusive of interest;

18. The Forbearance Agreement expired on July 14, 2017, without being extended. The RBC Indebtedness and the Chou Management Indebtedness remain owing by the Fuel Companies to Chou Management in full. Chou Management delivered Notices of Intention to Enforce Security pursuant to section 244 of the BIA on July 17, 2017;

### **The Sale and Investor Solicitation Process**

19. It was a term of the Forbearance Agreement that the Fuel Companies would complete a sale and investor solicitation process (the "**SISP**") with Richter's supervision. The Fuel Companies had previously undertaken two marketing and sale processes in 2015 and 2016 in an attempt to sell their business, both of which were unsuccessful;

20. As part of the SISP, which commenced in May 2017, notices and teasers were circulated to prospective purchasers in the same industry as the Fuel Companies, including parties who had previously expressed interest in acquiring the Fuel Companies' business;

21. A data room was established in connection with the SISP and interested parties were invited to submit binding proposals for the purchase of the Fuel Companies' business on or before July 14, 2017;

22. Despite the efforts of Richter and the Fuel Companies, no acceptable arrangements could be made for the sale of the Fuel Companies' business to third parties;

### **The Sale Agreement**

23. During the Forbearance Period, Chou Management engaged in discussions with Richter and the Fuel Companies in connection with a proposed purchase of the business of the Fuel Companies, should the SISP not produce a satisfactory alternate purchaser;

24. On July 28, 2017, Chou Management and the Fuel Companies reached an agreement for the Sale Transaction, which involves the sale of substantially all of the property and undertaking of the Fuel Companies to the Purchaser, an Ontario corporation related to Chou Management and incorporated for this purpose. The Sale Transaction takes the form of a credit bid, whereby the Purchaser will acquire substantially all of the Fuel Companies' property, undertakings and assets in exchange for credit bidding and/or assumption of a portion of the RBC Indebtedness and the Chou Management Indebtedness;

25. The Sale Transaction will permit the Fuel Companies' business to be preserved and will result in a number of employees being offered employment by the Purchaser;

### **The NOI Proceedings**

26. On July 26, 2017, Fuel Industries and Fuel Technologies each filed a Notice of Intention to File a Proposal (the "NOI") under the BIA and commenced proposal proceedings (the "**Proposal Proceedings**");

27. The NOI filings were necessary to provide stability to the Fuel Companies and permit the implementation of the proposed Sale Transaction. Richter was appointed as Proposal Trustee in the Proposal Proceedings;

#### **Administrative Consolidation**

28. As noted above, the Fuel Companies share common management and administrative support and have parallel loan obligations to Chou Management under the Chou Management Indebtedness and the RBC Indebtedness. In order to maximize the recovery for the Fuel Companies' stakeholders, and in furtherance of the principle of proportionality, it would be in the best interest of all interest persons if the Fuel Companies' Proposal Proceedings proceeded jointly;

#### **DIP Financing and DIP Charge**

29. Chou Management has agreed to provide DIP Financing to the Fuel Companies, up to a maximum amount of \$350,000, subject to certain conditions including the Fuel Companies obtaining an Order in the Proposal Proceedings granting the DIP Charge in priority to all encumbrances;

30. The purpose of the DIP Financing is primarily to fund administrative and professional costs during the Proposal Proceedings. The DIP Financing is required due to the Fuel Companies' dire financial circumstances, which have severely limited their access to cash. The DIP Lender is Chou Management;

31. The Proposal Trustee supports the approval of DIP Financing and the granting of the DIP Charge. All creditors with registrations on the Personal Property Registration System will be provided with service of this motion;

#### **Approval of the Sale Agreement and the Sale Transaction**

32. The Fuel Companies are currently insolvent and unable to repay their obligations to Chou Management. The Sale Transaction will permit the Fuel



Companies' business to continue as a going concern and the goodwill of the Fuel Companies' business to survive, as well as offering roles to a number of existing employees;

33. There exists no alternative going concern sale of the Fuel Companies' property following the completion of the SISP, and following two previous unsuccessful sale processes. A liquidation of the Fuel Companies' business would not be sufficient to satisfy their indebtedness to Chou Management and RBC, which was assigned to Chou Management;

34. In the circumstances, the Sale Agreement represents a fair value for the Fuel Companies' assets and is the most beneficial transaction for their stakeholders;

35. Given the deteriorating financial position of the Fuel Companies, the lack of any alternative agreement and the lack of alternative operating financing, the approval of the Sale Agreement and the immediate implementation of the Sale Transaction will ensure that the value of the Fuel Companies' business can be preserved;

### **General**

1. Sections 60, 64.2, 65.13, 66 and 84.1 of the BIA and the other provisions of the BIA;
2. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
3. Section 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c C. 43; and,
4. Such further grounds as counsel may advise and this Court may see fit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The Affidavit of Michel Burns sworn July 31, 2017, and the exhibits attached thereto;
2. The First Report of the Proposal Trustee; and
3. Such further and other materials as counsel may advise and this Court may permit.

July 28, 2017

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen- LSUC #  
56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail:[sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

**Lawyers for the Applicant**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF  
OTTAWA IN THE PROVINCE OF ONTARIO

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceeding commenced at Toronto

NOTICE OF MOTION  
(Re Approval of Sale Transaction et al)

DENTONS CANADA LLP  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

Sara-Ann Van Allen- LSUC # 56016C  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicant

**TAB 3**

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

Estate/Court File No. 33-2276663

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

Estate/Court File No. 33-2276664

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FUEL TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE  
CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**AFFIDAVIT OF MICHEL BURNS  
(sworn July 31, 2017)**

I, Michel Burns, of the City of Ottawa, MAKE OATH AND SAY:

1. I am the President of Fuel Industries Inc. ("**Fuel Industries**") and Fuel Technologies Inc. ("**Fuel Technologies**", and together with Fuel Industries, the "**Fuel Companies**"), the Applicants in this proceeding, and as such, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the records and filings of Fuel Industries and Fuel Technologies and have spoken to certain of the officers/directors of the Fuel Companies, as necessary. Where I have relied upon information received from others, I verily believe such information to be true.
2. This affidavit is sworn in support of a motion sought by the Fuel Companies seeking:
  - (a) An order (the "**Approval and Vesting Order**"), substantially in the form of the draft order located at tab 4 of the Motion Record:

- i. approving the sale transaction (the “**Sale Transaction**”) contemplated by an asset purchase agreement (the “**Sale Agreement**”) between the Fuel Companies and 2587485 Ontario Ltd. (the “**Purchaser**”) dated July 28, 2017;
  - ii. vesting in the Purchaser the right, title and interest in and to the assets of the Fuel Companies to be sold pursuant to and as described in the Sale Agreement (the “**Purchased Assets**”);
- (b) An order (the “**Administration Order**”), substantially in the form of the draft order located at tab 5 of the Motion Record:
- i. approving the administrative consolidation of the Fuel Companies’ Proposal Proceedings (as hereinafter defined);
  - ii. approving the Debtor-in-Possession Term Sheet (the “**DIP Term Sheet**”) between the Fuel Companies and Chou Associates Management Inc. (the “**DIP Lender**”), implementing the interim financing facility (the “**DIP Facility**”) up to a maximum principal amount of \$350,000, and granting a super-priority charge against the Fuel Companies’ property (the “**Property**”) in favour of the DIP Lender (the “**DIP Charge**”); and
- (c) such other relief as the Court may deem appropriate.

## **Overview of the Fuel Companies’ Operations and Assets**

### Corporate Structure

3. Fuel Industries is an online interactive and marketing agency which provides software programming and product development services in the fields of digital entertainment, immersive web experiences and video/audio production. Fuel Industries is incorporated under the laws of Ontario with its registered head office in Ottawa, Ontario. Fuel Industries is the operating entity of the Fuel Companies. Attached as **Exhibit “A”** is a copy of a corporate profile report for Fuel Industries.

4. Fuel Industries wholly owns three U.S. subsidiaries- Fuel Industries (U.S.) Inc., with a head office in Los Angeles, California; Fuel Entertainment Inc. and All Girl Arcade Inc. The latter two companies have no business activity or assets. There are also two additional U.S.

companies in the Fuel empire- Fuel Games Inc. and MishMosh Inc., neither of which have any business activity or assets. Attached as **Exhibit "B"** is a copy of the corporate organization chart for the Canadian and U.S. Fuel entities. The U.S. entities do not form part of these proceedings.

5. Fuel Technologies is also an Ontario corporation with its registered head office in Ottawa, Ontario. Fuel Technologies does not carry on operations and its assets primarily include its ownership of the intellectual property developed under the Fuel brand and shares in an online gaming tournament service provider, as further described below. Attached as **Exhibit "C"** is a copy of a corporate profile report for Fuel Technologies.

6. Fuel Industries and Fuel Technologies have the same shareholder structure. A copy of a capitalization table showing Fuel Industries' shareholder structure and the respective ownership interests of each shareholder current as of December 31, 2016 is attached as **Exhibit "D"** to my affidavit.

7. The Fuel Companies occupy the same head office located in Ottawa, Ontario and share common management and administrative support and are both indebted to Chou Associates Management Inc. ("**Chou Management**") pursuant to credit facilities made available to them by Chou Management and the Royal Bank of Canada ("**RBC**") between 2013 and 2016, as further outlined below.

#### Current Financial Position

8. The key assets of the Fuel Companies are customer contracts and the intellectual property used in the Fuel business, which is largely comprised of trademarks used in interactive software for distribution via electronic means, as well as design platforms containing the necessary components to implement and deploy online and mobile interactive applications (the "**Intellectual Property**"). The Intellectual Property includes licensing agreements for interactive video games, technology platforms, digital application platforms and products, and certain domain names owned by the Fuel Companies. As further described below, Fuel Industries transferred its right, title and interest in the Intellectual Property to Fuel Technologies through an Intellectual Property and Software Transfer Agreement dated September 1, 2015.

9. Fuel Industries' most current consolidated unaudited financial statements are for the fiscal year ended December 31, 2016, copies of which are attached as **Exhibit "E"** to my affidavit. The financial statements show that Fuel Industries is insolvent. Fuel Industries' current and capital assets as of December 31, 2016 totalled \$8,248,178 consisting of accounts receivable, incoming tax credits (for the 2016 fiscal year and for future years), work in progress, prepaid deposits, office supplies and equipment. Fuel Industries' had total liabilities of \$14,240,233.

10. I understand that the Fuel Companies' financial difficulties arose from declines in revenues caused by hanging market conditions, loss of clients and loss of employees. The Fuel Companies operated at a loss of \$414, 165 in 2014 and \$3,769,542 in 2015 and are currently insolvent. Copies of Fuel Industries' audited financial statements for the 2015 fiscal year are attached as **Exhibit "F"** of my affidavit.

#### Employees

11. As of the date of swearing this affidavit, Fuel Industries employs approximately 30 people and one of its U.S. subsidiaries, Fuel Industries (U.S.) Inc., employs approximately 6 people for a total of 36 employees, all of whom are non-unionized. Of these employees, approximately 11 make up senior management and administrative office positions and 25 are creative content and sales force staff. The Fuel Companies do not sponsor any pension plans for their employees.

#### **Financing and Secured Creditors**

##### The Fuel Companies' Indebtedness to Chou Management

###### *The 2015 Credit Agreement*

12. Chou Management is a privately owned, independent investment firm which manages a series of five open-ended mutual funds for a broad range of individual and corporate investors throughout Canada. Pursuant to a Loan Agreement between Fuel Industries and Chou Management dated as of February 9, 2015, as subsequently further amended on August 24, 2015 and February 5, 2016 (the "**2015 Credit Agreement**"), Chou Management made a non-revolving,



reducing credit facility in the amount of CAD\$7,500,000 available to Fuel Industries. Attached as **Exhibit "G"** to my affidavit is a copy of the 2015 Credit Agreement. The 2015 Credit Agreement was scheduled to mature on February 9, 2016.

13. As security for Fuel Industries' indebtedness to Chou Management under the 2015 Credit Agreement, Fuel Industries provided the following (the "**2015 Security**"):

- (a) a General Security Agreement on February 9, 2015 in favour of Chou Management, a copy of which is attached as **Exhibit "H"** to my affidavit;
- (b) a Specific Assignment Agreement dated February 9, 2015, whereby Fuel Industries assigned to Chou Management, its right, title and interest in refundable tax credits (the "**Tax Credits**") it may be entitled to receive for eligible Ontario labour, marketing and distribution expenditures relating to the development of interactive digital media products, including the Ontario Interactive Digital Media Tax Credit (the "**OIDMTC**"). A copy of the Specific Assignment is attached as **Exhibit "I"** to my affidavit;
- (c) the 2015 Credit Agreement was amended on August 24, 2015 (the "**August 2015 Amendment**") to reflect Fuel Industries' transfer of its right, title and interest in the Intellectual Property to Fuel Technologies;
- (d) the transfer of the Intellectual Property from Fuel Industries to Fuel Technologies was evidenced through an Intellectual Property and Software Transfer Agreement dated September 1, 2015, a copy of which is attached as **Exhibit "J"** to my affidavit; and
- (e) as security for the August 2015 Amendment, Fuel Technologies guaranteed Fuel Industries' obligations to Chou Management and granted a General Security Agreement in favour of Chou Management in all of its property. Copies of the Fuel Technologies Guarantee and General Security Agreement are attached, respectively, as **Exhibits "K"** and "**L"** to my affidavit.

14. Pursuant to a Subordination Agreement between Fuel Industries, RBC (Fuel's bank) and Chou Management dated February 5, 2015, a copy of which is attached as **Exhibit "M"** to my affidavit, a February 2, 2015 Letter Agreement between Chou Management and RBC and an August 25, 2015 Subordination Agreement, copies of which are attached as **Exhibits "N"** and **"O"** to my affidavit, Chou Management agreed to subordinate the Chou Management Security to the RBC Security granted in connection with the RBC Indebtedness, as these terms are defined below, with respect to all of the property of Fuel Industries apart from the Tax Credits and all property of Fuel Technologies, over which assets Chou Management continued to hold first ranking security.

15. The maturity date under the 2015 Credit Agreement was extended from February 9, 2016 to June 1, 2016 pursuant to a February 5, 2016 Amendment to Loan Agreement, which also increased the interest rate payable under the 2015 Credit Agreement. A copy of the February 2016 Amendment to Loan Agreement is attached as **Exhibit "P"** to my affidavit.

16. At this same time, in mid- 2015, Fuel Industries engaged McCracken Holdings, LLC ("**McCracken**"), to manage and assist it in the completion of a sale transaction to secure a buyer of the business of Fuel Industries. McCracken ran a sales process but was unable to generate interest in the purchase of the business at the time. The report of the Fuel Companies' financial advisor Richter Advisory Group Inc. ("**Richter**"), in its capacity as Proposal Trustee, as discussed below, describes McCracken's sale process in greater detail.

*The 2016 Credit Agreement*

17. The Fuel Companies continued to experience financial difficulties after the February 2016 extension and were not in a position to repay the obligations as the June 2016 maturity date approached.

18. On June 22, 2016, Chou Management entered into an Interim Credit Agreement with Fuel Technologies (the "**2016 Credit Agreement**"). Pursuant to the 2016 Credit Agreement, Chou Management agreed to extend a further CAD \$1,100,000 credit facility to Fuel Technologies for the purposes of funding the interest owing by Fuel Industries under the 2015 Credit Agreement and to provide working capital to cover specific critical overhead obligations of Fuel Industries, such as payroll, outstanding source deductions and overdue rent payments

(the 2015 Credit Agreement, as amended to the date hereof, and the 2016 Credit Agreement together form the “**Chou Management Loan Documents**”).

19. Pursuant to the 2016 Credit Agreement, Fuel Technologies agreed to co-operate with Chou Management in pursuing a sale of the business of Fuel Technologies, Fuel Industries and Fuel Industries’ subsidiaries on or before September 30, 2016. Chou Management was granted the right to oversee the sale process and approve the terms of any sale that was to take place. The management of Fuel Technologies, Fuel Industries and its subsidiaries was granted the right to purchase or arrange for the purchase of all of their indebtedness, liabilities and obligations to Chou Management on or before July 31, 2016. They were unable to secure such a transaction by July 31, 2016, or at all. The maturity date under the 2016 Credit Agreement was further extended to the earlier of September 30, 2016 or the date of the sale of all of the issued and outstanding shares or substantially all of the property and assets of the Fuel Companies and Fuel Industries’ subsidiaries.

20. As further described below, although the Fuel Companies’ entered into a non-binding Letter of Intent for the sale of substantially all of their business in November 2016, this transaction did not proceed and the sales process undertaken in 2016 did not result in any transaction being finalized.

21. The 2016 Credit Agreement also granted Chou Management and its appointed representatives the ability to work with the management of Fuel Technologies, Fuel Industries and Fuel Industries’ subsidiaries to provide oversight of the operation of their business, and required the Fuel Companies to provide a variety of financial reporting to Chou Management, including weekly reports on sales, customer orders, aged accounts receivable, aged accounts payable and audited consolidated annual financial statements.

22. The following security was provided to Chou Management in connection with the 2016 Credit Agreement (together with the 2015 Security, the “**Chou Management Security**”):

- (a) the benefit of the existing security granted under the 2015 Credit Agreement;
- (b) a Specific Assignment of the Tax Credits, a copy of which is attached as **Exhibit “Q”** to my affidavit; and

- (c) general security agreements from Fuel Technologies, Fuel Industries, Fuel Industries (U.S.) Inc., All Girl Arcade Inc., Fuel Entertainment Inc, copies of which are attached as **Exhibit "R"** to my affidavit.

23. Fuel Technologies also issued an interest-bearing Promissory Note in the amount of CAD \$1,100,000 in favour of Chou Management and payable on the maturity date of the 2016 Credit Agreement, which is appended as Schedule "B" to the 2016 Credit Agreement.

24. Further, the 2016 Credit Agreement provided for the creation of a segregated bank account maintained at the Royal Bank of Canada in the name of Fuel Industries in trust in favour of Chou Management for all Tax Credits received by Fuel Industries.

25. The maturity date of the 2015 Credit Agreement, as amended, and the 2016 Credit Agreement was further extended to December 15, 2016 and then again to March 31, 2017. Attached as **Exhibit "S"** is email correspondence between Francis Chou, the Chief Executive Officer of Chou Management, and Andy Wing, the former Chief Executive Officer of Fuel Industries and Fuel Technologies, documenting these extensions. The Fuel Companies' total indebtedness to Chou Management under the Chou Management Loan Documents as of July 26, 2017 is \$7,446,201.91, inclusive of costs (the "**Chou Management Indebtedness**").

26. During this time, the Fuel Companies were making efforts to advance a sale of substantially all of their business, as contemplated by the 2016 Credit Agreement. To that end, on November 18, 2016, Fuel Industries entered into a non-binding Letter of Intent for the sale of substantially all of its business, which contemplated that a portion of the purchase price would be paid to Chou Management to be applied toward the amounts outstanding under the Chou Management Loan Documents. Ultimately, this transaction did not proceed. As further described below, this bidder was contacted by the Fuel Companies' financial advisor Richter during the sale and investment solicitation process (the "**SISP**"), but did not express renewed interest in a transaction with the Fuel Companies.

#### The Fuel Companies' Indebtedness to RBC and Assignment to Chou Management

27. RBC previously made credit facilities available to Fuel Industries pursuant to a loan agreement dated October 29, 2013, as amended by amending agreements dated March 18, 2014,

February 3, 2015, August 24, 2015 and September 8, 2016 and as supplemented by a forbearance agreement dated as of February 9, 2017 (the "**RBC Forbearance Agreement**") and assigned to Chou Management (the "**RBC Loan Agreement**"), pursuant to which Fuel Industries had outstanding debts, liabilities and obligations to Chou Management totaling \$303,895.75 as of May 23, 2017, inclusive of interest and costs (together with the amounts advanced during the Forbearance Period, as defined below, the "**RBC Indebtedness**"). A copy of the RBC Loan Agreement, as amended, is attached as **Exhibit "T"** to my affidavit and a copy of the RBC Forbearance Agreement is attached as **Exhibit "U"** to my affidavit.

28. Fuel Technologies guaranteed the repayment of the RBC Indebtedness, as defined below pursuant to a Guarantee and Indemnity Agreement dated August 24, 2015, a copy of which is attached as **Exhibit "V"** to my affidavit.

29. The RBC Indebtedness, as defined below, is secured by general security agreements from Fuel Industries and Fuel Technologies (the "**RBC Security**"), copies of which are attached as **Exhibit "W"** to my affidavit.

30. Pursuant to an Assignment of Debt and Security Agreement dated May 23, 2017 (the "**RBC Assignment**"), a copy of which is attached as **Exhibit "X"** to my affidavit, RBC assigned to Chou Management all of RBC's right, title and interest in the RBC Indebtedness, as defined below, the RBC Loan Agreement and the RBC Security.

31. Following the assignment, further advances were made under the RBC Loan Agreement by Chou Management, such that the amount owing under the RBC Loan Agreement as of July 7, 2017 is \$1,021,624.10 (the "**RBC Indebtedness**").

#### PPSA Registrations

32. A search of the Personal Property Security Registration System ("**PPRS**") as of July 10, 2017 shows that the only registrations against the Fuel Companies are Chou Management, equipment lessors and Dahavland Capital Corporation, in trust. Dahavland Capital was a shareholder of Fuel Industries who issued a promissory note to Fuel Industries which has been repaid in full. There are no further amounts owing to Dahavland Capital Corporation by the

Fuel Companies. In addition, the Fuel Companies are current on payments to equipment lessors.

Other Indebtedness

33. I understand from a review of the Fuel Companies' corporate information that in addition to the RBC Indebtedness and the Chou Management Indebtedness, Fuel Industries and Fuel Technologies have the following indebtedness:

- (a) Approximately CAD \$337,000 in arrears owing under a May 30, 2013 lease agreement between Fuel Industries and Metcalfe Realty Company Limited with respect to Fuel Industries' Ottawa premises (the "**Lease**");
- (b) Approximately US\$415,900 owing to Andy Wing, the former Chief Executive Officer of Fuel Industries, pursuant to a January 1, 2017 Secured Term Loan. A copy of the term loan is attached as **Exhibit "Y"** to my affidavit;
- (c) Accounts payable to Fuel's unsecured creditors totalling in excess of CAD \$250,000 as at July 26, 2017, which are comprised of the following:
  - (i) Fuel Industries guaranteed the obligations of Fuel Industries (U.S.) Inc. under its U.S. lease, and the U.S. landlord has commenced litigation- the damages claimed have not been quantified but could be in the six figures;
  - (ii) Fuel Industries has a US \$80,000 debt to Heartbeat Technologies for services rendered in 2016. In July 2017, Heartbeat Technologies commenced an action in the Superior Court of San Diego seeking damages in the amount of US \$80,000;
  - (iii) RCC Ventures Inc., who was previously engaged to seek debt funding opportunities for Fuel Industries, has commenced a lawsuit against Fuel Industries and its U.S. subsidiary Fuel Industries (U.S.) Inc. in the Civil Court of the State of New York seeking damages for breach of contract, quantum meruit and unjust enrichment in the amount of US \$15,000;

- (iv) Fuel Industries is indebted to AdTheorent, Inc. in the amount of CAD \$80,000 related to mobile media advertising services provided by AdTheorent for the benefit of one of Fuel Industries' customers. On June 23, 2017, AdTheorent has issued a formal demand for this debt; and
- (v) There are three Ontario Small Claims Court judgments against Fuel Industries which cumulatively exceed CAD \$55,000. In satisfaction of one of these judgments, Fuel Industries' bank account was garnished on July 13, 2017 in the amount of \$ 25,275.

#### Employee Liabilities

34. As noted above, in 2016 the Fuel Companies employed 30 employees in Canada and 6 in the U.S. Due to financial difficulties facing the Fuel Companies, a number of employees over 32 have resigned in the last year. The Fuel Companies are current on all required payments in respect of employee wages, vacation pay and benefits to its employees, as well as all amounts that are required to be remitted to governmental authorities through source deductions or otherwise. There are a number of outstanding obligations to employees relating to outstanding commissions, benefits and expenses, totalling in excess of \$39,000 including corporate expenses I paid on behalf of the company by various employees in the past year totalling in excess of \$63,000.

#### Default on Payment of RBC Indebtedness and RBC Forbearance

35. Fuel Industries and Fuel Technologies defaulted in the payment of the RBC Indebtedness on or about January 13, 2017. In January 2017, RBC delivered a demand letter and a Notice of Intention Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") to Fuel Industries, a copy of which is attached as **Exhibit "Z"** to my affidavit.

36. RBC entered into the RBC Forbearance Agreement with the Fuel Companies on February 9, 2017 pursuant to which RBC agreed to forbear from taking any enforcement steps in connection with the RBC Security until May 10, 2017. The restrictions under the RBC Forbearance Agreement caused further cash constraints for the Fuel Companies.

37. In order to assist Fuel in avoiding receivership and liquidation in May when the RBC Forbearance was expiring, the RBC Indebtedness, the RBC Loan Agreement and the RBC Security were assigned to Chou Management pursuant to the RBC Assignment. At that time Chou Management paid the RBC in the full amount of its outstanding balance (totalling \$303,895.75), and funded an additional \$318,500 towards what Chou Management believed were the critical payables owing at the time including outstanding wages.

Default on Payment of Chou Management Indebtedness and Chou Management Forbearance Arrangements

38. Fuel Technologies and Fuel Industries defaulted in the payment of the Chou Management Indebtedness on or about April 1, 2017. On May 23, 2017, the Fuel Companies entered into a Forbearance, Restructuring and Support Agreement with Chou Management (the “**Chou Forbearance Agreement**”) pursuant to which Chou Management agreed to forbear from taking any enforcement steps in connection with the RBC Security and the Chou Management Security until June 27, 2017 (the “**Forbearance Period**”). A copy of the Forbearance Agreement is attached as **Exhibit “AA”** to my affidavit.

39. The Forbearance Agreement was entered into with a view to providing the Fuel Companies with additional time to attempt to restructure their business and affairs and to secure financing to repay their indebtedness or seek one final opportunity to pursue a sale of their business as a going concern. Richter was appointed financial advisor to assist the Fuel Companies with this process during the Forbearance Period.

40. As a condition of Chou Management entering into the Forbearance Agreement, the Fuel Companies delivered a consent to the appointment of a receiver over their property upon the application by Chou Management for such an appointment, and a consent to judgment in favour of Chou Management. Copies of these are attached as **Exhibit “BB”** and “**CC**” to my affidavit. The Forbearance Agreement amended the RBC Loan Agreement to convert the credit facility thereunder from a revolving demand facility to a non-revolving demand facility, and to reflect the CAD \$318,500 advance made by Chou Management.

41. On June 14, 2017, Chou Management and the Fuel Companies entered into a First Amendment to the Forbearance Agreement (the “**First Amendment**”), to document a further



\$100,000 advance by Chou Management to Fuel. The funds advanced pursuant to the First Amendment were only to be used to make certain additional critical payments to permit Fuel Industries and Fuel Technologies to continue operating during the Forbearance Period. A copy of the First Amendment is attached as **Exhibit "DD"** to my affidavit.

42. On June 27, 2017, Chou Management and the Fuel Companies entered into a Second Amendment to the Forbearance Agreement (the "**Second Amendment**"), which extended the Forbearance Period to July 14, 2017 and provided for a grid for recording Chou Management's further advances to the Fuel Companies during the extended Forbearance Period. A copy of the Second Amendment is attached as **Exhibit "EE"** to my affidavit.

43. The Second Amendment expired on July 14, 2017, without being extended. The RBC Indebtedness and the Chou Management Indebtedness remain owing by the Fuel Companies in full. On July 17, 2017, Chou Management delivered demand letters and a Notice of Intention Enforce Security pursuant to section 244 of the BIA to Fuel Industries and Fuel Technologies, copies of which are attached as **Exhibits "FF"** and **"GG"**, respectively, to my affidavit.

### **Marketing and Sale Process**

44. It was a term of the Chou Forbearance Agreement that the Fuel Companies would complete a SISP with the supervision of Richter, who was appointed financial advisor to the Fuel Companies around this time. I am advised by Richter that as part of the SISP, Richter sent an advertisement to prospective purchasers in the same industry as the Fuel Companies, a few of whom had previously expressed interest in acquiring the Fuel Companies' business. The advertisement provided an overview of the Fuel Companies' business, the strengths of the investment opportunity and a high-level overview of the SISP. A copy of the advertisement is attached as **Exhibit "HH"** to my affidavit. Richter circulated a letter inviting submissions of binding proposals for the purchase of the Fuel Companies' business on or before July 14, 2017. A copy of the letter is attached as **Exhibit "II"** to my affidavit. Fuel and Richter established a data room in connection with the SISP, which potential bidders were permitted to enter into on the signing of a non-disclosure agreement.

45. Despite the efforts of Richter and the Fuel Companies, no acceptable arrangements could be made for the sale of the Fuel Companies' business to third parties prior to the July 14, 2017 deadline.

46. The Proposal Trustee's Report to be filed in conjunction with this motion will further outline the sales efforts undertaken during this time.

### **The Sale Transaction**

47. Pursuant to the terms of the Chou Forbearance Agreement, and as described above, Richter and the Fuel Companies kept Chou Management informed of their efforts with respect to the sale of their business and continued to provide ongoing financial reporting to Chou Management.

48. During the Forbearance Period, Chou Management engaged in discussions with Richter and representatives of Fuel Technologies and Fuel Industries in connection with a proposed purchase of their business should no other acceptable bidders surface during the SISP.

49. On July 28, 2017, Chou Management and the Fuel Companies reached an agreement in principle for the Sale Transaction, which involves the sale of substantially all of Fuel's property. The Sale Transaction takes the form of a credit bid, whereby 2581485 Ontario Inc., a corporation controlled by Chou Management, will acquire substantially all of the property, undertakings and assets of Fuel Industries and Fuel Technologies in exchange for, *inter alia*, assuming a portion of the Chou Management Indebtedness and the RBC Indebtedness.

50. The material terms of the Sale Agreement are the following:

- (a) the Purchaser will acquire substantially all of the Fuel Companies' right, title and interest in the Fuel Companies' property, assets and undertakings on an "as is, where is" basis, including the Intellectual Property and Tax Credits;
- (b) the Purchaser will not acquire the Lease or the shares or equity interests in any U.S. subsidiaries of the Vendor;

- (c) the Purchaser shall be responsible on and after the closing of the Sale Agreement for all liabilities for salary, commissions, vacation pay, and other compensation relating to employment of the employees to whom the Purchaser offers employment and who accept the Purchaser's offer. The Purchaser anticipates extending offers to approximately 25 Canadian employees 3 U.S. employees;
- (d) the Purchaser shall assume certain of the Fuel Companies' material customer contracts and will make commercially reasonable efforts to obtain the counterparty consents to such assignment, where necessary. Where a counterparty does not consent, the Purchaser will seek a Court order assigning the material contract to the Purchaser on or before the closing date of the Sale Transaction; and
- (e) the purchase price under the Sale Agreement will include, among other things, a portion of the Chou Management Indebtedness and the RBC Indebtedness, that was assigned to Chou Management.

51. The Sale Transaction will permit the Fuel Companies' business to continue and the goodwill of their business to survive, as well as maintaining jobs.

52. There exists no alternative going concern sale of the Fuel Companies' property following the completion of the SISP.

### **The NOI Proceedings**

53. On July 26, 2017, Fuel Industries and Fuel Technologies each filed a Notice of Intention to File a Proposal (the "NOI") under the BIA and commenced proposal proceedings (the "Proposal Proceedings"). Copies of the NOIs are attached collectively as **Exhibit "JJ"** and "**KK**" to my affidavit. The NOI filings were necessary to provide stability to the Fuel Companies and permit the implementation of the proposed Sale Transaction.

54. Richter was appointed as Proposal Trustee in the Proposal Proceedings.

### **Administrative Consolidation**

55. As noted above, the relationships among the Fuel Companies are closely intertwined. The Fuel Companies share common management and administrative support and have parallel loan obligations to Chou Management under the Chou Management Indebtedness and the RBC Indebtedness. The Sale Transaction deals with the sale of the property of both Fuel Companies in a single transaction.

56. I believe that it would be in the best interest of all interest persons if the Fuel Companies' Proposal Proceedings proceeded jointly. The consolidation of the Proposal Proceedings would prevent the duplication of efforts to file and maintain two separate sets of motion materials over the course of the proposal, which will reduce costs in the proceedings. This would be in furtherance of the principle of proportionality and will maximize the recovery for the Fuel Companies' stakeholders.

### **DIP Financing and DIP Charge**

57. Chou Management has agreed to provide the DIP Facility to the Fuel Companies, up to a maximum amount of \$350,000, subject to certain conditions including the Fuel Companies obtaining an Order in the Proposal Proceedings granting the DIP Charge in priority to all encumbrances. A copy of the DIP Term Sheet is attached as **Exhibit "LL"** to my affidavit.

58. The key terms of the DIP Term Sheet are:

- (a) availability of up to \$350,000 by way of non-revolving advances made on request of the Fuel Companies and subject to the approval of the Proposal Trustee and the DIP Lender for purposes of financing expenses in connection with the Proposal Proceedings and any post-filing obligations during the Proposal Proceedings;
- (b) the Fuel Companies may request an immediate advance under the DIP Facility upon the granting of the DIP Order in an amount to be approved by the DIP Lender in its sole discretion, and further drawdowns may be requested by the

Fuel Companies by providing written notice to the DIP Lender at least two (2) business days prior to the date the advance is intended to be made;

- (c) advances under the DIP Facility bear interest at 10% per annum and are repayable on maturity being the earlier of August 31, 2017 or the date that (i) the Sale Transaction is completed, (ii) the stay of proceedings expires without being renewed, (iii) the Proposal Proceedings are terminated, (iv) a proposal is filed, or (v) an event of default occurs under the DIP Facility; and
- (d) the DIP Facility is subject to conditions, covenants and events of default customary for DIP financings.

59. The purpose of the DIP Financing is primarily to fund administrative and professional costs during the Proposal Proceedings. The DIP Financing is required due to the Fuel Companies' dire financial circumstances, which have severely limited their access to cash. The DIP Lender is Chou Management, the Fuel Companies' senior secured creditor, and I understand the Proposal Trustee supports the approval of DIP Financing and the granting of the DIP Charge. I am advised by Sanja Sopic and do verily believe that all creditors with registrations on the PPRS will be provided with service of this motion.

### **The Approval of the Sale Transaction**

60. The Fuel Companies are currently insolvent and are in default of their obligations to Chou Management in excess of \$8,467,826.01, inclusive of the RBC Indebtedness assigned to Chou, interest and costs. Due to their dire financial position, the Fuel Companies have no reasonable prospect of paying back the indebtedness. Chou Management has provided several extensions of the Chou Management Loan Documents and entered into a Forbearance Agreement, which was amended on multiple occasions, to provide the Fuel Companies with more time to attempt to restructure their affairs and secure alternate financing to repay their indebtedness or seek a sale of their business as a going concern. During the Forbearance Period, Chou Management advanced an additional \$703,500 in order to ensure the business could survive in anticipation of a sale transaction.

61. With Richter's assistance, the Fuel Companies carried out a robust SISP over an 8-week period commencing in May 2017, and the Fuel Companies made previous efforts in 2015 and 2016 to sell their business to third parties. Neither the SISP nor the Fuel Companies' previous sale efforts yielded an acceptable offer for the sale of the Fuel Companies' business to third parties.

62. The Sale Agreement represents the best means of preserving value for Chou Management and preserving the enterprise for the greatest number of stakeholders of the Fuel Companies' business.

63. The Sale Transaction contemplates a transition of the Fuel Companies' business to the Purchaser and amounts to a consensual compromise of a portion of the Chou Management Indebtedness and the RBC Indebtedness that will cause minimal disruption to the business if approved.

64. In light of the Fuel Companies' dire financial situation, the lack of alternate sources of financing and the Fuel Companies' unsuccessful efforts to sell their business to a third party, there is significant risk that any delay in approving the Sale Transaction would jeopardize the remaining value in the Fuel Companies' business and would result in the loss of customers and critical employees.

65. The Purchaser and the Fuel Companies are not related persons as that term is defined in the BIA.

66. I am advised by Sanja Sopic of Stikeman Elliott LLP that, in accordance with section 65.13(8) of the BIA, the Fuel Companies can and will make the payments (or satisfactory arrangements therefor) that are required under sections 60(1.3)(a) and (1.5)(a) of the BIA (as applicable).

67. I am further advised by Sanja Sopic that the parties listed on the PPRS at **Exhibit "MM"** to this affidavit will be served with notice of this motion and copies of the motion materials.

68. I swear this affidavit in support of the Fuel Companies' motion to approve the Sale Agreement and convey the assets, property and undertakings of the Fuel Companies to the

Purchaser, approve the DIP Term Sheet and the DIP Charge and for no other or improper purpose.

SWORN BEFORE ME at the City of  
Ottawa, on July 31, 2017.

\_\_\_\_\_  
Commissioner for Taking Affidavits

\_\_\_\_\_  
MICHEL BURNS

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

**AFFIDAVIT OF MICHEL BURNS**  
**(SWORN JULY 31, 2017)**

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara Van Allen-LSUC # 56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicants



This is Exhibit "A" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

Request ID: 020282196  
 Transaction ID: 64518499  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/05/19  
 Time Report Produced: 12:28:06  
 Page: 1

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1847301	FUEL INDUSTRIES INC.	2015/02/10
		Jurisdiction
		ONTARIO
		Former Jurisdiction
		NOT APPLICABLE
Corporation Type	Corporation Status	
ONTARIO BUSINESS CORP.	ACTIVE	
Registered Office Address		Date Amalgamated
7 HINTON AVE		NOT APPLICABLE
Suite # 100 OTTAWA ONTARIO CANADA K1Y 4P1		Amalgamation Ind.
		A
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
7 HINTON AVENUE NORTH		NOT APPLICABLE
Suite # 100 OTTAWA ONTARIO CANADA K1Y 4P1		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
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors Minimum      Maximum	
NOT AVAILABLE	00001      00010	

Request ID: 020282196  
Transaction ID: 64518499  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

47

Date Report Produced: 2017/05/19  
Time Report Produced: 12:28:06  
Page: 2

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1847301

**Corporation Name**

FUEL INDUSTRIES INC.

**Corporate Name History**

FUEL INDUSTRIES INC.

**Effective Date**

2015/02/10

**Current Business Name(s) Exist:**

NO

**Expired Business Name(s) Exist:**

NO

**Amalgamating Corporations**

**Corporation Name**

FUEL INDUSTRIES INC.

2448783 ONTARIO INC.

**Corporate Number**

1924360

2448783

Request ID: 020282196  
 Transaction ID: 64518499  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/05/19  
 Time Report Produced: 12:28:06  
 Page: 3

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1847301

**Corporation Name**

FUEL INDUSTRIES INC.

**Administrator:  
 Name (Individual / Corporation)**

JULIE

ALLEN

**Address**

7 HINTON AVENUE NORTH

Suite # 100  
 OTTAWA  
 ONTARIO  
 CANADA K1Y 4P1

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

SECRETARY

**Resident Canadian**

**Administrator:  
 Name (Individual / Corporation)**

MIKE

BURNS

**Address**

20693 BIG ROCK DRIVE

MALIBU  
 CALIFORNIA  
 UNITED STATES OF AMERICA 90265

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

CHIEF EXECUTIVE OFFICER

**Resident Canadian**

Request ID: 020282196  
Transaction ID: 64518499  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:28:06  
Page: 4

49

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1847301

**Corporation Name**

FUEL INDUSTRIES INC.

**Administrator:  
Name (Individual / Corporation)**

MIKE  
BURNS

**Address**

20693 BIG ROCK DRIVE  
  
MALIBU  
CALIFORNIA  
UNITED STATES OF AMERICA 90265

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

N

**Administrator:  
Name (Individual / Corporation)**

JEFF  
DOIRON

**Address**

1124 FRANKLIN STREET  
  
SANTA MONICA  
CALIFORNIA  
UNITED STATES OF AMERICA 90403

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

N

Request ID: 020282196  
 Transaction ID: 64518499  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/05/19  
 Time Report Produced: 12:28:06  
 Page: 5

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1847301

**Corporation Name**

FUEL INDUSTRIES INC.

**Administrator:  
 Name (Individual / Corporation)**

DAVID  
 OZIPKO

**Address**

7 HINTON AVENUE NORTH  
 Suite # 100  
 OTTAWA  
 ONTARIO  
 CANADA K1Y 4P1

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

CHIEF OPERATING OFFICER

**Resident Canadian**

**Administrator:  
 Name (Individual / Corporation)**

ANDREW  
 WING

**Address**

1380 DOHENY PLACE  
 LOS ANGELES  
 CALIFORNIA  
 UNITED STATES OF AMERICA 90069

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

CHIEF EXECUTIVE OFFICER

**Resident Canadian**

Request ID: 020282196  
Transaction ID: 64518499  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:28:06  
Page: 6

51

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1847301

**Corporation Name**

FUEL INDUSTRIES INC.

**Administrator:  
Name (Individual / Corporation)**

ANDREW  
WING

**Address**

1380 DOHENY PLACE

LOS ANGELES  
CALIFORNIA  
UNITED STATES OF AMERICA 90069

**Date Began**

2015/02/10

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

N

Request ID: 020282196  
Transaction ID: 64518499  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:28:06  
Page: 7

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1847301

FUEL INDUSTRIES INC.

### Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2017/02/15 (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.



Request ID: 020282198  
Transaction ID: 64518501  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:28:14  
Page: 1

53

## CORPORATION DOCUMENT LIST

### Ontario Corporation Number

1847301

### Corporation Name

FUEL INDUSTRIES INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
CIA	CHANGE NOTICE PAF: RIMER, PHILIP M.	1	2017/02/15 (ELECTRONIC FILING)
CIA	ANNUAL RETURN 2015 PAF: ALLEN, JULIE	1C	2016/07/17 (ELECTRONIC FILING)
CIA	INITIAL RETURN PAF: RIMER, PHILIP M.	1	2015/03/06 (ELECTRONIC FILING)
BCA	ARTICLES OF AMALGAMATION	4	2015/02/10

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.

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

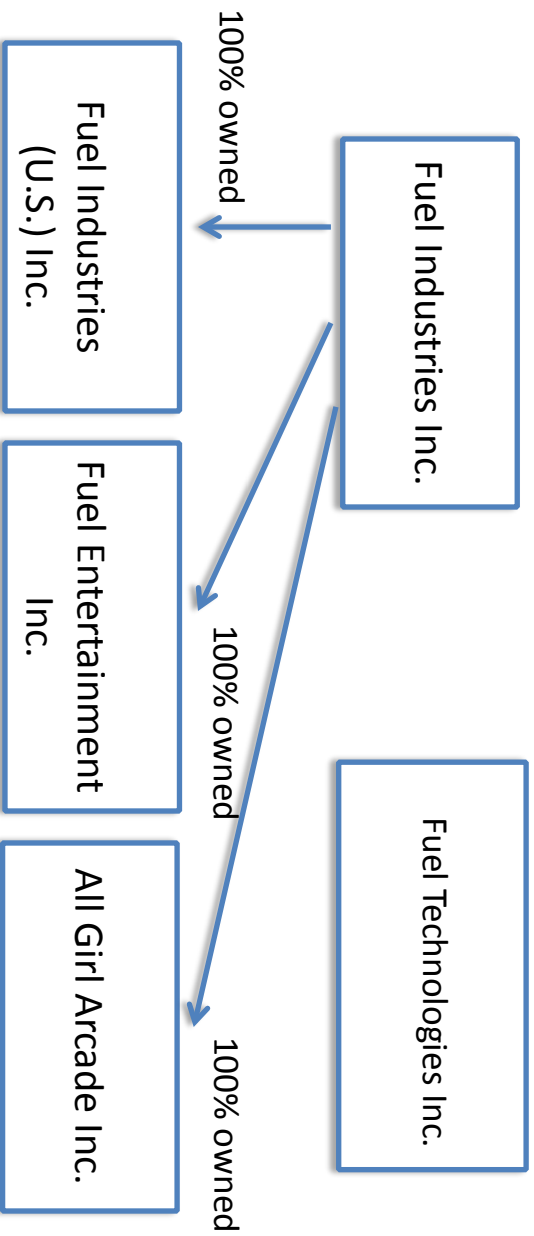
This is Exhibit "B" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

# Corporate Structure

55 as of June 30, 2016



This is Exhibit "C" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

57  
Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
2469353	FUEL TECHNOLOGIES INC.	2015/06/03
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
<b>Registered Office Address</b>		<b>Date Amalgamated</b>
7 HINTON AVENUE NORTH		NOT APPLICABLE
<b>Suite # 100</b>		<b>New Amal. Number</b>
OTTAWA		NOT APPLICABLE
ONTARIO		
CANADA K1Y 4P1		<b>Notice Date</b>
		NOT APPLICABLE
<b>Mailing Address</b>		<b>Letter Date</b>
7 HINTON AVENUE NORTH		NOT APPLICABLE
<b>Suite # 100</b>		<b>Revival Date</b>
OTTAWA		NOT APPLICABLE
ONTARIO		<b>Continuation Date</b>
CANADA K1Y 4P1		NOT APPLICABLE
		<b>Transferred Out Date</b>
		NOT APPLICABLE
		<b>Cancel/Inactive Date</b>
		NOT APPLICABLE
		<b>EP Licence Eff.Date</b>
		NOT APPLICABLE
		<b>EP Licence Term.Date</b>
		NOT APPLICABLE
	<b>Number of Directors</b>	<b>Date Commenced</b>
	<b>Minimum</b>	<b>in Ontario</b>
	<b>Maximum</b>	
	00001	NOT APPLICABLE
	00010	
<b>Activity Classification</b>		<b>Date Ceased</b>
NOT AVAILABLE		<b>in Ontario</b>
		NOT APPLICABLE

Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 2

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

2469353

**Corporation Name**

FUEL TECHNOLOGIES INC.

**Corporate Name History**

FUEL TECHNOLOGIES INC.

**Effective Date**

2015/06/03

**Current Business Name(s) Exist:**

NO

**Expired Business Name(s) Exist:**

NO

**Administrator:****Name (Individual / Corporation)**JULIE  
ALLEN**Address**

7 HINTON AVENUE NORTH

Suite # 100  
OTTAWA  
ONTARIO  
CANADA K1Y 4P1**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

SECRETARY

**Resident Canadian**

Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 3

59

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

2469353

**Corporation Name**

FUEL TECHNOLOGIES INC.

**Administrator:  
Name (Individual / Corporation)**

MIKE  
BURNS

**Address**

20693 BIG ROCK DRIVE  
  
MALIBU  
CALIFORNIA  
UNITED STATES OF AMERICA 90265

**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

N

**Administrator:  
Name (Individual / Corporation)**

MIKE  
BURNS

**Address**

20693 BIG ROCK DRIVE  
  
MALIBU  
CALIFORNIA  
UNITED STATES OF AMERICA 90265

**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

CHIEF EXECUTIVE OFFICER N

**Resident Canadian**

Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 4

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

2469353

**Corporation Name**

FUEL TECHNOLOGIES INC.

**Administrator:  
Name (Individual / Corporation)**JEFF  
DOIRON**Address**1124 FRANKLIN STREET  
  
SANTA MONICA  
CALIFORNIA  
UNITED STATES OF AMERICA 90403**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type****Resident Canadian**

N

**Administrator:  
Name (Individual / Corporation)**DAVID  
OZIPKO**Address**7 HINTON AVENUE NORTH  
  
Suite # 100  
OTTAWA  
ONTARIO  
CANADA K1Y 4P1**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

CHIEF OPERATING OFFICER

**Resident Canadian**



Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 5

61

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

2469353

**Corporation Name**

FUEL TECHNOLOGIES INC.

**Administrator:  
Name (Individual / Corporation)**

PHILIP  
M.  
RIMER

**Address**

99 BANK STREET

Suite # 1420  
OTTAWA  
ONTARIO  
CANADA K1P 1H4

**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

Y

**Administrator:  
Name (Individual / Corporation)**

ANDREW  
WING

**Address**

1380 DOHENY PLACE

LOS ANGELES  
CALIFORNIA  
UNITED STATES OF AMERICA 90069

**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

N

Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 6

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

2469353

**Corporation Name**

FUEL TECHNOLOGIES INC.

**Administrator:  
Name (Individual / Corporation)**ANDREW  
WING**Address**

1380 DOHENY PLACE

LOS ANGELES  
CALIFORNIA  
UNITED STATES OF AMERICA 90069**Date Began**

2015/06/03

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

CHIEF EXECUTIVE OFFICER N

**Resident Canadian**

Request ID: 020282187  
Transaction ID: 64518472  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/05/19  
Time Report Produced: 12:27:24  
Page: 7

63

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2469353

FUEL TECHNOLOGIES INC.

### Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2015	1C	2016/07/03 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

This is Exhibit "D" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**FUEL INDUSTRIES INC.**  
**Shareholders Register as of December 31, 2016**

Number of Shares Held	
Shareholder Name	Class A Common
Mike Burns	2,746,794
Dave Ozipko	2,876,529
Jeff Doiron	2,821,454
Dahavland Capital Corporation	1,172,916
1278690 Ontario Limited, in Trust	1,172,916
2088845 Ontario Inc.	1,172,916
Joshsam Holdings Inc.	1,172,916
Andrew Wing	2,410,089
<b>Total</b>	<b>15,546,530</b>

This is Exhibit "E" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**Fuel Industries Inc.****Balance Sheet**

As of December 31, 2016

**Unaudited****Assets**

## Current Assets

Cash	(\$421,243)
Accounts Receivable	\$1,284,205
Tax Credits & Other Receivables (Non Trade)	\$4,831,706
Work in progress	\$758,011
Prepays and Deposits	\$181,498

Total Current Assets	<u>\$6,634,178</u>
----------------------	--------------------

## Capital Assets

Future Tax Asset	\$1,499,488
Property, Plant and Equipment	\$114,513

Total Capital Assets	<u>\$1,614,001</u>
----------------------	--------------------

TOTAL ASSETS	<u><u>\$8,248,178</u></u>
--------------	---------------------------

**Liabilities and Equity**

## Current Liabilities

Accounts Payable	\$2,748,824
Accrued Liabilities	\$1,261,808
Lease Inducement	\$29,352
Deferred revenue	\$1,634,471

Total Current Liabilities	<u>\$5,674,455</u>
---------------------------	--------------------

## Long Term Liabilities

LT Lease Inducement	\$47,390
Long Term Debt	\$8,292,004
Due to Shareholder	\$226,384

Total Long Term Liabilities	<u>\$8,565,777</u>
-----------------------------	--------------------

Total Liabilities	<u>\$14,240,233</u>
-------------------	---------------------

## Equity

Common Shares	\$2,336,352
Contributed Surplus	\$770,455
Retained Earnings	(\$9,286,430)
Net Income	\$187,569

Total Equity	<u>(\$5,992,054)</u>
--------------	----------------------

TOTAL LIABILITIES AND EQUITY	<u><u>\$8,248,178</u></u>
------------------------------	---------------------------

**Fuel Industries Inc.**  
**Consolidated Statement of Earnings**  
For The Period Ending December 31, 2016

	<b>Unaudited</b>
	<b>Year-to-Date</b>
	<b>Actual</b>
Revenue	17,592,442
Cost of sales:	9,401,059
Gross Profit	<u>8,191,382</u>
Gross Margin	47%
Operating Expenses	
Sales and Marketing	1,668,291
General & Administrative	4,130,932
Exchange (Gains)/Losses	<u>(140,034)</u>
	5,659,189
<b>EBITDA</b>	<b><u>2,532,194</u></b>
Depreciation	121,204
Interest Charges	1,065,970
Income Taxes	57,451
Loan Guarantee Expense	1,100,000
NET INCOME/(LOSS)	<u><u>187,569</u></u>



This is Exhibit "F" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

Consolidated financial statements of

**Fuel Industries Inc.**

December 31, 2015

**Fuel Industries Inc.**

December 31, 2015

## Table of contents

Independent Auditor's Report.....	1-2
Consolidated statement of loss and deficit.....	3
Consolidated balance sheet.....	4
Consolidated statement of cash flows.....	5
Notes to the consolidated financial statements.....	6-14



Deloitte LLP  
1600 - 100 Queen Street  
Ottawa ON K1P 5T8  
Canada

Tel: (613) 236-2442  
Fax: (613) 236-2195  
[www.deloitte.ca](http://www.deloitte.ca)

## Independent Auditor's Report

To the Shareholders of  
Fuel Industries Inc.

We have audited the accompanying consolidated financial statements of Fuel Industries Inc. (the "Company"), which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated statements of loss and deficit and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company incurred a net loss of \$3,769,542, during the year ended December 31, 2015 and as of that date, the accumulated deficit was \$9,292,463. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Chartered Professional Accountants  
Licensed Public Accountants

August 22, 2016

**Fuel Industries Inc.**Consolidated statement of loss and deficit  
year ended December 31, 2015

	2015	2014
	\$	\$
<b>Revenue (Notes 14 and 16)</b>	<b>16,158,210</b>	17,585,884
<b>Cost of sales (Note 11)</b>	<b>11,811,508</b>	11,701,530
<b>Gross profit</b>	<b>4,346,702</b>	5,884,353
<b>Operating expenses</b>		
Sales and marketing	1,674,141	945,015
General and administrative	4,622,655	4,442,815
Amortization	352,667	330,385
	<b>6,649,463</b>	5,718,215
<b>(Loss) earnings before interest and finance charges and income taxes (Note 18)</b>	<b>(2,302,761)</b>	166,139
<b>Interest and finance charges (Note 7)</b>	<b>(1,315,704)</b>	(650,475)
<b>Loss before income taxes</b>	<b>(3,618,465)</b>	(484,336)
<b>Income taxes expense (recovery)</b>		
Current	151,077	133,031
Future	-	(203,202)
	<b>151,077</b>	(70,171)
<b>Net loss</b>	<b>(3,769,542)</b>	(414,165)
<b>Deficit, beginning of year</b>	<b>(5,522,921)</b>	(5,108,756)
<b>Deficit, end of year</b>	<b>(9,292,463)</b>	(5,522,921)

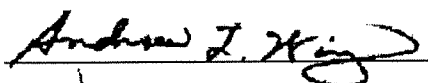
See accompanying notes to the consolidated financial statements.

# Fuel Industries Inc.

Consolidated balance sheet  
as at December 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Accounts receivable (Note 15)	2,302,433	2,911,602
Other receivables	166,804	172,489
Government assistance receivable	3,014,053	2,762,316
Unbilled receivables	108,564	413,308
Prepays and deposits	166,639	525,694
Future income taxes	446,000	316,810
	<b>6,204,494</b>	<b>7,102,219</b>
Government assistance receivable	1,909,796	1,277,337
Future income taxes	1,053,488	1,182,678
Property and equipment (Note 4)	200,205	338,540
Intangible assets (Note 5)	8,694	33,774
	<b>9,376,677</b>	<b>9,934,548</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (Note 6)	441,242	168,004
Accounts payable and accrued liabilities (Note 15)	2,300,491	2,388,368
Deferred revenue	4,074,726	2,463,068
Current portion of lease inducement	25,358	20,155
Current portion of promissory notes (Note 7)	8,433,154	-
Current portion of convertible debt (Note 8)	-	6,500,277
	<b>15,274,970</b>	<b>11,539,872</b>
Long-term lease inducement	54,006	79,144
Due to shareholders	233,347	-
	<b>15,562,323</b>	<b>11,619,016</b>
Commitments (Note 9)		
<b>Shareholders' deficiency</b>		
Share capital (Note 10)	2,336,362	3,194,169
Contributed surplus (Note 8)	770,455	285,026
Warrants (Note 8)	-	359,258
Deficit	(9,292,463)	(5,522,921)
	<b>(6,185,646)</b>	<b>(1,684,468)</b>
	<b>9,376,677</b>	<b>9,934,548</b>

Approved by the Board

 Director

 Director

See accompanying notes to the consolidated financial statements.

**Fuel Industries Inc.**

Consolidated statement of cash flows  
year ended December 31, 2015

	2015	2014
	\$	\$
<b>Operating</b>		
Net loss	(3,769,542)	(414,165)
Items not affecting cash		
Amortization of property and equipment	166,668	229,997
Amortization of intangible assets	24,198	48,825
Amortization of financing charges	161,801	51,563
Non-cash interest on convertible debt	67,738	640,177
Non-cash accrued interest	564,666	-
Stock-based compensation	38,539	8,381
Future income taxes	-	(203,202)
Amortization of lease inducement	(19,936)	95,537
	(2,765,867)	457,113
Changes in non-cash operating working capital items (Note 13)	2,550,696	2,168,911
	(215,171)	2,626,024
<b>Investing</b>		
Acquisition of intangible assets	-	(5,767)
Increase in government assistance receivable	(632,459)	(1,277,337)
Acquisition of property and equipment	(27,451)	(51,440)
	(659,910)	(1,334,544)
<b>Financing</b>		
Proceeds from Loan (Chou)	7,500,000	-
Proceeds from Loan (Dahavland Capital Corporation)	368,496	-
Proceeds from Shareholder's Loan	233,347	-
Repayment of convertible debt	(5,880,706)	(841,491)
Cancellation of Class A common shares (Note 10)	(1,619,293)	-
	601,844	(841,491)
Net cash inflow (outflow)	(273,238)	449,989
Bank indebtedness beginning of year	(168,004)	(617,993)
Bank indebtedness, end of year	(441,242)	(168,004)

See accompanying notes to the consolidated financial statements.



# Fuel Industries Inc.

## Notes to the consolidated financial statements

December 31, 2015

---

### 1. Description of business

Fuel Industries Inc. (the "Company") began operations as a digital youth engagement agency in fiscal 2001. Fuel is headquartered in Ottawa, Ontario and has an office in Los Angeles, California. Working with Fortune 1000 brands globally, the Company leverages their diverse technology platform and develops advanced, gamified, immersive content with a deep digital experience to drive brand awareness, customer acquisition and loyalty and incremental sales. Core competencies have resulted in rewards programs, virtual worlds, advergames, viral marketing campaigns and unique experiences involving augmented reality (AR), 3D animation and social gaming applications. Capitalizing on these roots, the Company has been investing in its own technology platform, entertainment properties, mobile games and a digital publishing product with the goal of maximizing multiple revenue streams in the future from digital and terrestrial products.

### 2. Going concern

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") and on the basis of accounting principles applicable to a going concern. The going concern basis assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company had a net loss of \$ 3,769,542 for the year ended December 31, 2015 and a working capital deficiency of \$ 9,070,746 as at December 31, 2015. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Subsequent to December 31, 2015, the Company has shifted its strategy and is solely focused on its profitable Agency services business. The company has discontinued its remaining unprofitable business units (Note 17) and is executing on its plan to return to profitable operations. These actions do not mitigate the Company's obligations for its outstanding promissory note (Note 18).

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flows from its operating activities, extend the maturity dates of promissory notes payable and seek additional financing over the next 12 months. If the going concern assumption was not appropriate for these consolidated financial statements, significant adjustments to the carrying values of assets and liabilities, reported expenses and balance sheet classifications would result.

### 3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with ASPE and reflect the following significant accounting policies:

#### *Basis of presentation*

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, All Girl Arcade Inc., Fuel Industries (U.S.) Inc. and Fuel Entertainment Inc. All inter-company transactions and balances have been eliminated.

#### *Property and equipment and intangible assets*

Property and equipment and intangible assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

#### Property and equipment

Computer equipment	3 years
Website	3 years
Furniture and fixtures	5 years
Leasehold improvements	Term of the lease (7-year period)

#### Intangible assets

Computer software	2 years
-------------------	---------

In the year of acquisition, amortization is prorated based on the number of months remaining in the year.

# Fuel Industries Inc.

## Notes to the consolidated financial statements

December 31, 2015

---

### 3. Significant accounting policies (continued)

#### *Revenue recognition*

Project development revenue is recorded using the percentage-of-completion method. According to this method, revenues are recognized proportionately to the degree of completion of services under the contract when there is appropriate evidence of an arrangement. Deferred revenues represent amounts billed in advance of the provision of service. Unbilled receivables consists of work performed but not yet billed and is valued at the contract value.

Website development and hosting revenue is recognized as services are rendered.

#### *Income taxes*

The Company follows the future income taxes method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rates for the years in which the differences are expected to reverse. Future tax assets are recognized to the extent it is more likely than not they will be realized.

#### *Investment tax credits and government assistance*

The Company records investment tax credits and Ontario interactive digital media tax credits when qualifying expenditures related to these tax credits have been incurred and there is reasonable assurance that the credits will be realized. The credits are recorded as a reduction of the expense or the cost of the asset acquired to which the incentive applies.

#### *Impairment of long-lived assets*

Long-lived assets such as property and equipment and intangible assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from the use and eventual disposition of the item. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value at the date of impairment.

#### *Use of accounting estimates*

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the allowance for doubtful accounts, percentage-of-completion for revenue recognition, future income taxes valuation, Ontario interactive digital media tax credits, accrued liabilities, stock-based compensation, useful lives and amortization rates for property and equipment and intangible assets. Actual results could differ from the estimates made by management.

#### *Research and development costs*

Current research costs are expensed as incurred. Development costs are deferred and amortized when the criteria for deferral under Canadian accounting standards for private enterprises are met, or otherwise, are expensed as incurred. To date, no such costs have been deferred.

#### *Foreign currency translation*

##### Translation of foreign currency transactions

Foreign currency transactions of the Company are translated into Canadian dollars by the use of the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in a foreign currency are adjusted to reflect the exchange rate in effect at the balance sheet date and the related exchange gain or loss is recognized in net loss.

# Fuel Industries Inc.

## Notes to the consolidated financial statements December 31, 2015

### 3. Significant accounting policies (continued)

#### *Foreign currency translation (continued)*

##### *Integrated foreign operations*

Fuel Industries U.S. Inc. is an integrated foreign operation. Its monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the year except for amortization, which is translated at historical rates. Translation gains or losses are included in net earnings (loss).

For the year ended December 31, 2015, a foreign exchange loss of \$290,910 (2014 - \$109,889) is included in general and administrative expenses.

##### *Stock-based compensation*

Equity-settled stock-based compensation awards granted to employees are measured at fair value at the grant date using the calculated value method. The fair value determined at the grant date of the equity settled stock option awards is expensed on a straight-line basis over the vesting period and forfeitures are accounted for as an adjustment to expense when incurred.

##### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for cash which is measured at fair value.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Company recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

The proceeds of the issuance of convertible debt are allocated to the liability component and the conversion right (the equity component) is determined to be zero.

### 4. Property and equipment

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer and equipment	939,684	865,841	73,843	169,887
Website	161,631	161,631	-	-
Furniture and fixtures	287,521	223,155	64,366	88,874
Leasehold improvements	1,509,886	1,447,890	61,996	79,779
	<b>2,898,722</b>	<b>2,698,517</b>	<b>200,205</b>	<b>338,540</b>

## Fuel Industries Inc.

Notes to the consolidated financial statements

December 31, 2015

### 5. Intangible assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer software	481,524	472,830	8,694	33,774

### 6. Bank indebtedness

At December 31, 2015, short-term bank credit facilities consisted of an operating line of credit, with interest at prime plus 3.5%, in the amount of \$750,000, combined Canadian and U.S. The bank indebtedness is secured by a general security agreement, various shareholder guarantees, postponement of claims, a priorities agreement dated February 10, 2015, cash collateral agreement, portfolio monitoring and securities control agreement and indemnity agreement. At year-end, the Company's net bank indebtedness position consisted of:

	2015	2014
	\$	\$
Line of credit	(403,040)	(455,000)
(Bank indebtedness) cash	(38,202)	286,996
	(441,242)	(168,004)

### 7. Promissory notes

	2015	2014
	\$	\$
Chou Associates Management promissory note (a)	8,064,658	-
Dahavland Capital Corporation demand promissory note (b)	368,496	-
	8,433,154	-
Less current portion	8,433,154	-
Long term debt	-	-

a) The promissory note bears interest at 14% per annum and repayable quarterly in interest only installments. Principal repayments due on receipt of the Ontario Interactive Digital Media Tax Credit refunds. Subsequent to year-end, the maturity date of February 9, 2016 was extended to June 1, 2016 with interest rates increasing 2% per month starting April 1, 2016 as disclosed in Note 19. A placement fee of 4% of principal, or \$300,000 due at maturity has been accrued and included in the promissory note. On June 22, 2016 the maturity date of the note was further extended to September 30, 2016 with the annual interest rate subsequent to June 30, 2016 revised to a fixed 14% per annum.

b) The demand promissory note bears interest at 14% per annum, calculated and payable at the end of the term. Balance of principal and interest was repaid as disclosed on Note 19.

During the year, interest charges on the promissory notes was \$962,596 (2014 - \$10,297) and recorded in interest and finance charges on the consolidated statement of loss and deficit.

# Fuel Industries Inc.

## Notes to the consolidated financial statements December 31, 2015

### 8. Convertible debt

	2015	2014
	\$	\$
Demand loan from 7189966 Canada Inc., non-interest-bearing, unsecured, convertible into Class A common shares at a price of \$0.4376	-	800,000
Convertible promissory note to 7189966 Canada Inc., 12% interest, compounded monthly, unsecured with no set terms of repayment, matures March 2018, convertible into Class A common shares at a price of \$0.4376	-	3,625,725
Convertible promissory note to 7189966 Canada Inc., 12% interest, compounded monthly, unsecured, due on demand convertible into Class A common shares at a price of \$0.1896	-	1,513,405
Secured convertible promissory note, 12% interest, compounded monthly, with first monthly payment commencing on earlier of default or April 30, 2013, matures March 31, 2018, including accrued interest of \$60,996, convertible into Class A common shares at a price of \$0.4844	-	610,055
Secured convertible promissory note, 12% interest, compounded monthly, with first monthly payment commencing on earlier of default or April 30, 2013, matures March 31, 2018, including accrued interest of \$11,288, convertible into Class A common shares at a price of \$0.4376	-	112,893
Less: discount on convertible promissory notes (2014 - \$359,258 less accumulated amortization of \$197,457)	-	(161,801)
	-	6,500,277
Less: current portion	-	(6,500,277)
	-	-

All convertible debts are owing to related parties.

On February 9, 2015, the full amount of the convertible promissory notes and demand loan to 7189966 Canada Inc. were repaid and the associated common shares were cancelled (Note 10). As a result of the share cancellation, \$126,171 was credited to contributed surplus.

The discount on convertible promissory notes relates to warrants to purchase 1,238,743 Class A common shares of the Company at a purchase price of \$0.4844 per share. The warrants were cancelled in the amount of \$359,258 on February 9, 2015 as part of the conversion and the amount was credited to contributed surplus.

The remaining secured promissory notes were converted into Class A common shares (Note 10). The various secured convertible promissory note holders above include Dahavland Capital Corporation, Joshsam Holdings Inc., 1278690 Ontario Limited in trust and 2088845 Ontario Inc.

# Fuel Industries Inc.

## Notes to the consolidated financial statements December 31, 2015

### 9. Commitments

The Company has minimum future operating lease commitments for premises and equipment as follows:

2016	667,454
2017	704,871
2018	707,780
2019	443,933
2020	364,398
	<u>2,888,436</u>

### 10. Share capital

Authorized, unlimited number  
Class A common shares, voting  
Class B common shares, non-voting  
Preferred shares, non-voting

	Class A common shares	Amount
	#	\$
Issued and outstanding as at December 31, 2014	16,360,756	3,194,169
Cancellation of 7189966 Canada shares (Note 8)	(3,404,595)	(1,619,293)
Conversion of secured promissory notes (Note 8)	2,365,664	722,947
Issued during the year	224,715	38,539
<b>Issued and outstanding as at December 31, 2015</b>	<b>15,546,540</b>	<b>2,336,362</b>

During the year, 224,715 (2014 - 190,313) common shares were issued to management in the amount of \$38,539 (2014 - \$94,153) as a bonus share issuance.

#### Stock option plan

Under the 2006 Stock Option Plan, the Company may grant options to its employees, consultants and directors. The aggregate number of options shall not exceed 3,750,000 of which 3,420,000 are available for grant. The exercise price of each option equals the estimated fair value of the Company's common stock on the date of grant and an option's maximum term is seven years from the anniversary of the agreement date for the outstanding options. In general, 33% of the options vest after one year with the balance on a quarterly basis over the following two years.

	Options	Weighted average exercise price
		\$
Outstanding, December 31, 2013	410,000	0.42
Expired	(55,000)	0.42
Outstanding December 31, 2014	355,000	0.42
Expired	(25,000)	
<b>Outstanding, December 31, 2015</b>	<b>330,000</b>	<b>0.42</b>

# Fuel Industries Inc.

## Notes to the consolidated financial statements December 31, 2015

### 10. Share capital (continued)

#### *Stock option plan (continued)*

The following table summarizes information about stock options outstanding at December 31, 2015:

Exercise price	Options outstanding at December 31, 2015	Weighted average remaining contractual life (years)	Options exercisable at December 31, 2015
\$			
<b>0.42</b>	<b>330,000</b>	<b>2.5</b>	<b>330,000</b>

#### *Stock-based compensation*

Total compensation cost recognized in income for stock-based compensation awards is \$38,539 (2014 - \$8,381) with a corresponding charge to contributed surplus.

### 11. Government assistance

	2015	2014
	\$	\$
Cost of sales	12,695,704	12,992,946
Government assistance		
Ontario interactive digital media tax credits	(884,196)	(1,291,416)
Net cost of goods sold	11,811,508	11,701,530

### 12. Income taxes

The Company claims research and development deductions and related investment tax credits for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. The claims are subject to audit by the Canada Revenue Agency and any adjustments that result could change the investment tax credits earned and recorded during the year.

The Company claims Ontario interactive digital media tax credits for provincial income tax purposes based on management's interpretation of the applicable legislation in the Ontario Corporations Tax Act and the guidelines released by the Ontario Media Development Corporation, an Agency of the Ontario Minister of Culture. The claims are subject to preapproval by the Ontario Media Development Corporation and any adjustments that result could change the Ontario interactive digital media tax credits recorded during the year.

The Company has approximately \$13,400,000 in non-capital loss carryforwards that expire between 2025 and 2035, deductible temporary differences of approximately \$104,000 and taxable temporary differences of approximately \$4,900,000. Management has estimated a portion of the net impact of these amounts is likely realizable and recorded a future tax asset at the tax rate of 26.5%.

## Fuel Industries Inc.

Notes to the consolidated financial statements  
December 31, 2015

### 13. Changes in non-cash operating working capital items

	2015	2014
	\$	\$
Accounts receivable	609,169	(1,550,940)
Other receivables	5,685	(50,994)
Government assistance receivable	(251,737)	2,129,235
Work in progress	304,744	153,691
Prepays and deposits	359,054	82,734
Accounts payable and accrued liabilities	(87,877)	(292,338)
Deferred revenue	1,611,658	1,697,523
	<b>2,550,696</b>	<b>2,168,911</b>

### 14. Economic dependence

During the year, sales to one customer represented about 30.8% (2014 - 55%) of the Company's total revenue.

### 15. Financial instruments

#### *Foreign exchange risk*

Part of the revenues and expenses of the Company are transacted in foreign currencies. Consequently, there is financial risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company currently does not use derivative instruments to hedge its exposure to foreign currency risk.

As at December 31, 2015, bank indebtedness included \$75,592 (2014 - \$NIL) in U.S. dollars and accounts receivable included \$2,192,815 (2014 - \$2,233,592) in U.S. dollars and \$68,260 (2014 - \$635,521) in European EUROS.

#### *Credit risk*

The Company provides credit to its customers in the normal course of its operations. It maintains a provision for contingent credit losses. As at December 31, 2015 there was \$NIL in the allowance for doubtful accounts (2014 - \$NIL).

Three major customer represented 79% of the Company's accounts receivable as at December 31, 2015 (2014 - three major customers represented 72%).

#### *Liquidity risk*

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2015, the most significant financial liabilities are accounts payable and accrued liabilities and promissory notes. During the year, management agreed to reverse the management bonus accrual of \$900,000 which was recorded in the prior year.

### 16. Sales to a related party

On August 1, 2015, the Company entered into an agreement to provide software development services on a time and materials basis with Fuel Technologies Inc. ("Technologies"), a related party by virtue of common ownership. The transaction arose during the normal course of operations and has been carried out using the exchange amount, on similar terms as would apply to unrelated parties. During the year, the Company provided \$1,194,157 for the provision of services to Technologies. In accordance with ASPE 3400 *Revenue*, the Company has not recognized the amount in either revenues or accounts receivable due to the presence of material uncertainties over the ultimate collection of the balance from Technologies. Revenues related to the services provided to Technologies will be recognized in future periods as reasonable assurance over ultimate collection is satisfied as disclosed in Note 19.



# Fuel Industries Inc.

## Notes to the consolidated financial statements December 31, 2015

### 17. Sale of intellectual property to a related party

On September 1, 2015, the Company entered into an Intellectual Property and Software Transfer Agreement with Technologies to assign the ownership of Fuel Technology Platform, Fuel Digital Publishing Platform and Fuel Team Engagement Platform. As part of the transaction, the Company received a promissory note receivable from Technologies in the amount of \$809,500. In accordance with ASPE 3856 *Financial Instruments*, the Company has recorded an allowance for the full balance of the promissory note, given the indicators of impairment described in Note 16. Furthermore, the transaction was not in the normal course of operations and was measured at the carrying amount as per the guidance laid out in ASPE 3840 *Related Party Transactions* and required any difference between the carrying amounts of items exchanged to be included as a credit to equity. There was no net impact to equity as the impairment allowance fully offset the credit to equity.

### 18. Segmented Disclosure by Business Unit

The Company's operations are separated into five business units, with separately identifiable revenue and costs as follows:

	Games	Entertainment	Technology	Mish Mosh	Agency	Consolidated
	\$	\$	\$	\$	\$	\$
Revenue	25,746	25,947	-	-	16,106,517	16,158,210
Cost of sales	869,584	963,656	204,204	-	9,774,064	11,811,508
Gross profit	(843,838)	(937,709)	(204,204)	-	6,332,453	4,346,702
Operating expenses						
Sales and marketing	-	-	-	-	1,674,141	1,674,141
General and administrative	281,945	281,945	-	515,485	3,252,370	4,331,745
Foreign exchange loss	-	-	-	-	290,910	290,910
Amortization	-	-	-	-	352,667	352,667
	281,945	281,945	-	515,485	5,570,088	6,649,463
Loss before interest and finance charges and income taxes	(1,125,783)	(1,219,654)	(204,204)	(515,485)	762,365	(2,302,761)

### 19. Subsequent events

On February 5, 2016, an amendment to the Chou Loan Agreement was signed to extend the maturity date on the Chou Associates Management Inc. promissory note disclosed in Note 7 from February 9, 2016 to June 1, 2016. The interest rate was increased by 2% per month commencing April 1, 2016, and each month thereafter, not exceeding 30% per annum. Subsequently on February 22, 2016, the Company made a principal repayment of \$1,070,235 on the Chou Associates Management Inc. promissory note, reducing the principal balance to \$6,429,765.

On February 22, 2016, the Dahavaland Capital Corporation demand promissory note was fully repaid.

On June 22, 2016, the Company became a guarantor to a debt facility in the amount of \$1,100,000 received by Technologies from Chou Associates Management Inc. As a result of the guarantee, the Company will recognize a liability of \$1,100,000 and a corresponding expense in its fiscal year ending December 31, 2016. Proceeds from the debt facility received by Technologies was used to repay amounts owed to the Company for services described in Note 16.

On June 22, 2016 the maturity date of the Chou Loan was further extended to September 30, 2016 with the annual interest rate subsequent to June 30, 2016 revised to a fixed 14% per annum.

This is Exhibit "G" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

## LOAN AGREEMENT

**THIS AGREEMENT** dated as of February 9<sup>th</sup>, 2015 (the “**Agreement**”)

**BETWEEN:**

**FUEL INDUSTRIES INC.**, a company incorporated under the laws of the Province of Ontario, having its registered office at 7 Hinton Avenue North, Suite 100, Ottawa, Ontario, K1Y 4P1 (hereinafter called the “**Borrower**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.**, a company incorporated under the laws of the Province of Ontario, having its registered office at 110 Sheppard Avenue East, Suite 301, Box 18, Toronto, Ontario, M2N 6Y8 (hereinafter called the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Borrower wishes to obtain a loan from the Lender;

**AND WHEREAS** the Lender has agreed to extend credit to Borrower on the terms and conditions set out in this Agreement to reflect the terms on which the Lender will advance credit to the Borrower;

**AND WHEREAS** the Borrower will repay the amounts owing to the Lender;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is agreed by the parties hereto as follows:

### **ARTICLE 1 - INTERPRETATION**

#### **1.1 Definitions**

In this Agreement:

“**Advance**” means the aggregate amount advanced under the Facility;

“**Agreement**” means this agreement and all schedules attached to this agreement, in each case as they may hereafter be supplemented, amended or otherwise modified from time to time; the terms “hereof”, “herein”, “hereunder”, “hereby” and other similar terms refer to this agreement as a whole and not to any particular article, section, schedule, or other provision hereof, and the term “article” and “section” followed by a number or by a number and letter, and “schedule” followed by a letter, mean and refer to the specified article or section of or schedule to this agreement, except as otherwise specifically provided herein;

“**Applicable Law**” means in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of Governmental Bodies having the force of law;

“**Borrower**” means Fuel Industries Inc., a corporation incorporated under the laws of Ontario and its successors;

“**Business Day**” means any day, other than a Saturday, Sunday on which banks are open for domestic and foreign exchange business in Toronto, Ontario;

“**Canadian Dollars**” or the symbol “\$” each mean lawful money of Canada;

“**Closing Date**” means the date of on which all conditions precedent set out in Article 8 have been satisfied or waived by the Lender which is scheduled to be on or about February \_\_\_, 2015;

“**Default**” means any event which, but for the passage of time, the giving of notice or otherwise, would constitute an Event of Default;

“**Environmental Law**” means, in relation to any Person, property, transaction or event, all federal, provincial or local laws, statutes, regulations, municipal by-laws, ordinances, orders, guidelines or policies having the force of law which apply to such Person, property, transaction or event and which impose liability or standards of conduct concerning environmental health or safety, discharges, emissions or releases of noises, odours, pollutants, contaminants or Hazardous Substances into ambient air, water or land, or otherwise relates to the manufacture, processing, generation, distribution, use, treatment, storage, disposal, clean-up, transport or handling of pollutants, contaminants or hazardous, toxic or other wastes, substances or materials or other environmental matters;

“**Equity Transaction**” means the series of transactions pursuant to which (i) 2448783 Ontario Inc. will purchase from 7189966 Canada Limited all of the Class A Common shares in the Borrower and secured debt of the Borrower held by and owing to 7189966 Canada Limited (ii) certain shareholders of the Borrower which hold convertible notes of the Borrower will exercise their conversion rights and (iii) 2448783 Ontario Inc. and the Borrower will amalgamate; and all ancillary steps required in connection with such transactions;

“**Event of Default**” means any of the events specified in Section 7.1;

“**Event of Insolvency**” means, with respect to any Person, the occurrence of any one or more of the following events:

(a) if such Person shall, other than as expressly permitted hereby:

- (i) be wound up, dissolved or liquidated, or become subject to the provisions of the *Winding-up and Restructuring Act* (Canada), as amended or re-enacted from time to time, or have its existence terminated or have any resolution passed therefor unless in conjunction with a bona fide corporate reorganization not prohibited hereby in which a successor corporation will succeed to its obligations and enter into an agreement with the other parties to this Agreement to that effect;

- (ii) make a general assignment for the benefit of its creditors or file a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* (Canada) or the *United States Bankruptcy Code*, as either may be amended or re-enacted from time to time, or shall be declared bankrupt or insolvent by a court of competent jurisdiction or admits the material allegations in a petition, claim or other proceeding filed against it in any bankruptcy, insolvency or reorganization proceeding;
  - (iii) propose a compromise or arrangement under the *Companies' Creditors Arrangement Act* (Canada), or the *United States Bankruptcy Code*, as either may be amended or re-enacted from time to time, or any similar legislation or shall file any petition or answer seeking any re-organization, arrangement, composition, re-adjustment, liquidation, dissolution or similar relief for itself under any present or future law relative to bankruptcy, insolvency or other relief for debtors;
  - (iv) shall commit or threaten to commit an act of bankruptcy;
  - (v) shall cease to carry on its business or a substantial part thereof; or
  - (vi) take any corporate action to authorize any or the foregoing;
- (b) if a petition shall be filed or other action or proceeding shall be commenced against any such Person seeking any re-organization, arrangement, composition, re-adjustment, liquidation, dissolution, winding-up, termination of existence, appointment of any trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers for such Person, or of all or any material part of its property, declaration of bankruptcy or insolvency or similar relief under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors, and such Person shall not in good faith be actively and diligently contesting the entry of an order, judgment or decree approving or giving effect to the relief sought in such petition, action or other proceeding, and such petition, action or other proceeding shall not be abandoned, dismissed, withdrawn, quashed, vacated or stayed within a period of 45 days from the day of filing or commencement thereof;

“**Facility**” means the non-revolving, reducing credit facility extended by the Lender to the Borrower hereunder more particularly described in Section 2.1 in an aggregate principal amount not to exceed the Facility Maximum Amount;

“**Facility Maximum Amount**” means the amount of \$7,500,000;

“**GAAP**” means, at any time, generally accepted Canadian accounting principles then in effect applied on a basis consistent with prior years;

“**Governmental Body**” means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority

regulating banks), having jurisdiction in the relevant circumstances, or any Person acting under the authority of any of the foregoing (including, without limitation, any arbitrator);

“**Hazardous Substance**” means any contaminants, pollutants, dangerous substances, liquid wastes, industrial wastes, toxic substances, hazardous wastes, hazardous materials or any other hazardous substance regulated under any Environmental Law;

“**Interest Rate**” means a rate of interest equal to 14% per annum;

“**Lender**” means Chou Associates Management Inc.;

“**Lien**” means any mortgage, charge, pledge, right of set-off, title retention, hypothec, security interest, lien, assignment, claim or other encumbrance of any nature or kind whatsoever, whether fixed or floating, statutory or consensual, and howsoever created;

“**Loan Documents**” means this Agreement, the Security Documents and all other instruments, agreements, certificates, notices and other documents delivered in connection herewith or therewith;

“**Material Adverse Effect**” means a material adverse effect on (a) the business operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole or (b) the ability of Borrower to repay the Obligations or otherwise perform its obligations under the Loan Documents or (c) the value or priority of the Lender’s security interests granted pursuant to the Loan Documents.

“**Maturity Date**” means February 9<sup>th</sup>, 2016;

“**Obligations**” means the aggregate amount, without duplication, of all amounts owing to the Lender pursuant to or in respect of the terms of this Agreement or any other Loan Document;

“**Outstanding Principal Amount**” means at any time, without duplication, the aggregate principal amount of the Advance which remains outstanding at such time;

“**Payment Date**” means the first day of each of January, April, July and October, provided that the last Payment Date shall be the Maturity Date;

“**Permitted Indebtedness**” means:

- (i) indebtedness of the Borrower arising under or in respect of this Agreement or any other Loan Document;
- (ii) indebtedness of the Borrower up to an aggregate principal amount of \$400,000 in any consecutive twelve month period under purchase money security interests entered into with respect to capital expenditures which are secured solely by Liens over the assets acquired and entered into in the ordinary course of the Borrower's business;
- (iii) trade accounts payable and other normal operating expenses incurred in the ordinary course of business;

(iv) indebtedness arising under or in respect of Permitted Liens other than those liens referred to in Schedule A; and

(v) any other indebtedness described in Schedule C;

“**Permitted Liens**” means the Liens listed in Schedule A;

“**Person**” means an individual, a partnership, a corporation, a government or any agent thereof, a trustee, a trust or any unincorporated organization or any other entity whatsoever;

“**Security Documents**” means collectively, the promissory note, general security agreements, specific assignment, guarantees, mortgages, charges, hypothecs and other security agreements which the Borrower or any Subsidiary has or may hereafter execute and deliver or cause to be executed and delivered to or for the benefit of the Lender from time to time pursuant to or in respect of this Agreement;

“**Subordinated Debt**” means, at any time, any indebtedness and liability, whether matured, contingent or otherwise, of the Borrower to any Person for borrowed money either that the Borrower and the Lender shall have specifically agreed in writing will constitute Subordinated Debt for the purpose hereof, or that is incurred at such time as no Default or Event of Default has occurred and is continuing or would be created by the incurrence thereof and which has the following attributes:

- (i) no principal or interest is payable thereon at any time that a Default or Event of Default has occurred and is continuing or if the making of any such payment would or could reasonably be expected to cause a Default or Event of Default;
- (ii) no rights or remedies of enforcement exercisable or enforceable under any circumstances prior to the payment in full of all obligations of the Borrower to the Lender under the Loan Documents;
- (iii) no covenant on the part of the Borrower with respect to such indebtedness shall be more onerous than or in addition to the covenants specified in Article 7, and
- (iv) all rights of the holder of such indebtedness in respect thereof as a creditor of the Borrower shall be postponed and subordinated to all rights of the Lender as a creditor (including rights to accelerate repayment obligations, commence an action for debt owing or file a petition in bankruptcy) of the Borrower pursuant to a subordination agreement in form and substance satisfactory to the Lender;

“**Subsidiary**” means any one of Fuel Entertainment Inc., All Girl Arcade Inc. and Fuel Industries (U.S.) Inc. and “**Subsidiaries**” means all of them;

“**Taxes**” means all taxes of any kind or nature whatsoever including, without limitation, income taxes, sales or value-added taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or any

other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon; and

“**Tax Credit**” means any Ontario Interactive Digital Media Tax Credit applied for from time to time by the Borrower.

## **1.2 Accounting Terms**

All accounting terms not otherwise defined herein shall have the meanings respectively assigned to them by GAAP.

## **1.3 Schedules**

The Schedules attached hereto and forming part of this Agreement are as follows:

Schedule A	-	List of Permitted Liens
Schedule B	-	List of Subsidiaries
Schedule C	-	List of Permitted Indebtedness
Schedule D	-	Locations of Assets/Operations
Schedule E	-	Tax Credits

## **1.4 Currency**

Unless otherwise stated, all amounts referred to herein are denominated in Canadian Dollars.

## **1.5 Singular, Plural, etc.**

As used herein, each gender shall include all genders, and the singular shall include the plural and the plural the singular as the context shall require.

## **1.6 Paramourncy**

If there is any inconsistency between the terms of this Agreement and the terms of any other Loan Document, the provisions hereof shall prevail to the extent of the inconsistency, but the foregoing shall not apply to limit or restrict in any way the rights and remedies of the Lender under the terms of any Loan Document.

## **1.7 Permitted Liens**

Nothing herein (including the definition and use of the term Permitted Liens) or in any of the Security Documents is intended or shall be deemed to subordinate any security interest in favour of the Lender to any Permitted Lien or any other lien, charge, mortgage, security interest, hypothec or encumbrance affecting all or any portion of the Borrower's assets.

## **1.8 Leap Year**

For the purposes of calculating any interest or fees payable by the Borrower to the Lender hereunder or under any other Loan Document during any period, the number of days in the year to which such period relates shall, unless otherwise provided herein or therein, be the actual number of days in such calendar year, whether 365 or 366.



## ARTICLE 2 - THE FACILITY

### 2.1 Extension of Facility

Upon the terms and subject to the conditions of this Agreement, the Lender hereby agrees to extend to the Borrower in a single advance on the Closing Date a non-revolving, reducing credit facility in a maximum aggregate principal amount not exceeding the Facility Maximum Amount. After such advance is made on the Closing Date, no further advances will be made.

### 2.2 Closing

The closing will take place at 2 pm on the closing at the offices of the Lender or at such other date, time and location as the parties mutually agree. At the time of closing the Lender, subject to satisfaction of all of the conditions set out herein, shall pay the Advance to the Borrower or as the Borrower may in writing direct by wire transfer of immediately available funds.

## ARTICLE 3 - INTEREST

### 3.1 Interest

The Borrower shall pay interest at the Interest Rate on the Outstanding Principal Amount, quarterly in arrears, on each Payment Date, or when the Outstanding Principal Amount becomes due and payable in accordance with the terms hereof or on such other date as may be agreed upon between the Lender and the Borrower. Such interest will be calculated quarterly and will accrue daily on the basis of the actual number of days elapsed.

### 3.2 Limit on Interest

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by law.

### 3.3 Overdue Payments

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at a rate equal to the Interest Rate plus three percentage points per annum.

### 3.4 Equivalent Yearly Rates

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by the number of days in the year.

### 3.5 Payments

All payments to be made hereunder shall be made to the Lender at the address of the Lender referred to in Section 9.6 or to such other location as the Lender may specify from time to time by notice given in accordance with Section 9.6. If any payment is due hereunder on a day which

is not a Business Day, such payment shall be due on the first Business Day following the date on which it would otherwise have been due, together with interest accrued to such Business Day.

### **3.6 Taxes**

Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Taxes; provided that if the Borrower shall be required to deduct any Taxes from such payments, then (a) the sum payable shall be increased as necessary so that, after making all required deductions (including deductions applicable to additional sums payable under this Section), the Lender receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions and (c) the Borrower shall pay the full amount deducted to the relevant Governmental Body in accordance with Applicable Law.

As soon as practicable after any payment of Taxes by the Borrower to a Governmental Body pursuant to this section 3.6, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

### **3.6 Lender's Records**

Without limiting the generality of Section 3.5, the Lender's records from time to time as to all matters in connection with this Agreement, including the amount owing from time to time by the Borrower shall, in the absence of manifest error, be *prima facie* evidence of all such matters, and the Lender need not obtain or maintain any promissory note in order to evidence any amount owing by the Borrower hereunder.

## **ARTICLE 4 - REPAYMENTS**

### **4.1 Scheduled Repayments**

The Facility is a non-revolving, reducing credit facility and when any part of the Outstanding Principal Amount is repaid the Borrower shall not be entitled to a further advance of such funds. The Borrower shall repay to the Lender in full the Outstanding Principal Amount on the Maturity Date.

Prior to the Maturity Date the Borrower shall forthwith pay or cause to be paid to the Lender the proceeds received by the Borrower in respect of the Tax Credits.

### **4.2 Voluntary Prepayments**

The Borrower shall be entitled at any time and from time to time to make payments without bonus or penalty to permanently reduce or repay in full the Outstanding Principal Amount. The Borrower shall provide to the Lender five Business Days' notice in writing of its desire to permanently repay all or any portion of such Outstanding Principal Amount, such notice to be irrevocable and to specify the amount and proposed date of such prepayment.

### **4.3 Application of Payments**

Until the Borrower has repaid the Outstanding Principal Amount in full in accordance with the terms and conditions hereof, all amounts paid to the Lender by the Borrower or any other person on the Borrower's behalf, including, without limitation, the Tax Credits, shall be applied by the Lender to reduce the Outstanding Principal Amount in the following priority: first, to amounts payable to the Lender in reimbursement of its costs, expenses and fees, including, without limitation, enforcement costs and all legal expenses, to the extent the same are not duly and timely paid to the Lender as required under this Agreement; second, to pay all interest payable hereunder; and third to reduce the Outstanding Principal Amount.

## **ARTICLE 5 - REPRESENTATIONS AND WARRANTIES**

### **5.1 Representations and Warranties**

The Borrower represents and warrants to the Lender as follows:

- (a) the Borrower has been duly incorporated and is validly subsisting as a corporation under the laws of its jurisdiction of incorporation, is duly qualified to carry on its business in each jurisdiction in which it carries on business and has the power and authority to enter into and perform its obligations under each Loan Document to which it is a party, to own and operate its business as currently conducted;
- (b) the Subsidiaries of the Borrower do not own any property or assets and are not actively engaged in any business, save and except for, Fuel Industries (U.S.) Inc. which operates as cost centre of the Borrower;
- (c) other than the existing Third Amended and Restated Shareholders Agreement dated as of February 28, 2011 and the proposed Fourth Amended and Restated Shareholders Agreement to be entered into in connection with the Equity Transaction, there is no unanimous shareholder agreement, voting trust agreement or other agreement or understanding which restricts any powers of any directors, officers or any other Person responsible for supervising or managing the business or affairs of the Borrower;
- (d) the execution, delivery and performance by the Borrower of each Loan Document to which it is a party has been duly authorized by all requisite corporate action and each such Loan Document has been duly executed and delivered by it, as applicable, and constitutes a legal, valid and binding obligation enforceable against it, as applicable, in accordance with its terms, subject to (i) the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and (ii) the extent that equitable principles may limit the availability of certain remedies including, but not limited to, the remedies of specific performance and injunctive relief, which equitable remedies may in any event only be granted in the discretion of a court;
- (e) the annual financial statements of the Borrower for the fiscal year ended December 31, 2013 have been prepared in accordance with GAAP applied on a consistent basis with prior years, except as stated therein or in the notes thereto, and such financial statements present accurately the financial position of the Borrower as at their respective dates;

- (f) neither the execution or delivery of any of the Loan Documents, the consummation of any of the transactions therein contemplated, nor compliance with any of the terms, conditions and provisions thereof, conflicts with or will conflict with, or will result in a breach of, or constitutes or will constitute a default under, any of the provisions of the articles or by-laws of the Borrower or any provisions of any agreements or instruments to which the Borrower is a party or by which the Borrower or any of its property and assets are bound, or will result in the creation or imposition of any Lien upon any of its property or assets other than in favour of the Lender;
- (g) the Borrower has good and marketable title to all of its property and assets free from all Liens other than Permitted Liens;
- (h) attached as Schedule B hereto is a complete and accurate list of any and all subsidiaries of the Borrower;
- (i) no event has occurred which constitutes a Default or an Event of Default;
- (j) the Borrower has delivered or caused to be delivered all necessary income tax returns, sales and value-added tax returns and other tax returns to the appropriate Governmental Body;
- (k) the Borrower has paid and discharged all Taxes payable by it save and except for any such Taxes which are being contested by it in good faith and by appropriate proceedings and for which it has set aside reserves or contingency funds reasonably necessary or required to satisfy such obligation;
- (l) the Borrower has withheld and collected all Taxes required to be withheld and collected by it and remitted such Taxes to the appropriate Governmental Body save and except for any such Taxes which are being contested by it in good faith and by appropriate proceedings and for which it has set aside reserves or contingency funds reasonably necessary or required to satisfy such obligation;
- (m) the Borrower has paid and discharged or caused to be paid and discharged all obligations incidental to any trust imposed upon it by statute which, if unpaid, might become a Lien upon any of its property and assets save and except any such obligations in respect of which it has set aside reasonable reserves or contingency funds reasonably necessary or required to satisfy such obligation, and no assessment, appeal or claim is, as far as the Borrower is aware, being asserted or processed with respect to any such claim, Taxes or obligations;
- (n) to the knowledge of the Borrower, there are no existing, pending or threatened:
  - 1. claims, complaints, notices or requests received by the Borrower or of which the Borrower is aware with respect to any alleged material violation of or alleged material liability under any Environmental Law relating to any real property at any time owned, leased or occupied by the Borrower; or
  - 2. governmental or court orders, including without limitation, stop, clean-up or preventative orders or directions relating to environmental matters requiring any material works, repairs, remediation, clean-up, construction or capital

expenditures pursuant to Environmental Laws with respect to any real property at any time owned, leased or occupied by the Borrower;

and the Borrower is not aware of any facts or circumstances which would, or could reasonably be expected to, result in any such claims, complaints, notices, requests or orders;

- (o) the Borrower maintains all insurance coverages required to be maintained by it in accordance with the provisions of this Agreement;
- (p) Schedule D lists all locations where the Borrower operates its business, all locations where any property or assets of the Borrower are located from time to time and the location of the books and records of the Borrower;
- (q) the description of the Tax Credits set out in Schedule E is accurate as of the date hereof and excludes any and all labour costs incurred by or associated with Fuel Industries (U.S.) Inc.; and
- (r) following the completion of the Equity Transaction, the authorized share capital of the Borrower consists of an unlimited number of Common shares of which 15,321,815 shares will be issued and outstanding.

## **5.2 Survival of Representations and Warranties**

The Borrower covenants that the representations and warranties made by it in this Article 5 are true and correct on the date hereof and shall survive closing of the Advance, notwithstanding any investigation made by or on behalf of the Lender.

## **ARTICLE 6 - COVENANTS**

### **6.1 General Covenants**

The Borrower covenants and agrees with the Lender that, so long as this Agreement is in force and effect, it will:

- (a) pay all amounts due and owing by it under any Loan Document to which it is a party as and when required thereunder and comply with and perform all its covenants or other obligations contained therein in accordance with the terms and conditions thereof;
- (b) immediately following the Advance by the Lender, complete the Equity Transaction which shall include at minimum, the purchase by 2448783 Ontario Inc. of all of the Class A Common shares in the Borrower held by 7189966 Canada Limited and the secured debt of the Borrower held by and owing to 7189966 Canada Limited and the conversion of debt by certain shareholders of the Borrower;
- (c) do or cause to be done all things necessary to keep in full force and effect its corporate existence and comply with all Applicable Laws in any jurisdiction in which the Borrower carries on its business, except where the failure to do so would not constitute a Material Adverse Effect;

- (d) maintain insurance with reputable insurers in such amounts and against such risks as is usually carried by prudent owners of similar businesses and properties located in the same general geographic areas in which the Borrower operates and in an amount sufficient to prevent it from becoming a co-insurer (other than maintaining reasonable deductibles);
- (e) prepare and file all tax returns which are to be filed by the Borrower from time to time no later than 180 days after its year end and to pay or cause to be paid all Taxes levied, assessed or imposed upon it or any of its properties or any part thereof, as and when the same become due and payable, save and except for any such Taxes which are being contested in good faith and by appropriate proceedings and for which the Borrower has set aside reserves or contingency funds satisfactory to the Lender, acting reasonably;
- (f) deliver to the Lender as soon as practicable and in any event within 120 days after the end of each fiscal year of the Borrower, including with respect to the fiscal year ended December 31, 2014, the audited consolidated annual financial statements of the Borrower, with any and all notes thereto, consisting, in each case, of at least a balance sheet, statement of changes in financial position and statements of earnings and retained earnings (in each case howsoever designated) together with comparative figures for the previous fiscal year and the applicable report and opinion of the Borrower's auditors (which shall be a firm of independent chartered accountants of recognized standing acceptable to the Lender, acting reasonably), in each case prepared in accordance with GAAP;
- (g) deliver to the Lender as soon as practicable and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the unaudited non-consolidated financial statements as at the end of such quarter, consisting in each case of at least a balance sheet, income statement and statement of changes in financial position, certified in each case by the chief financial officer of the Borrower that they present fairly the financial position of the Borrower as at the date of such statements;
- (h) maintain or cause to be maintained all such records in connection with its business or affairs as may be desirable in accordance with prudent business practice, and make or cause to be made all such records available for inspection at the premises of the Borrower to the Lender from time to time as the Lender may reasonably request, provided that such inspection shall not unduly interfere with the carrying on by the Borrower of its business or affairs in the ordinary course;
- (i) comply with the requirements of Applicable Law, and all obligations which, if contravened, could give rise to a Lien over any of its property and assets other than a Permitted Lien;
- (j) from and after the date hereof apply for each of the Tax Credits to which the Borrower is entitled, on a project by project basis, on or before the filing deadline for such Tax Credit and to observe and perform all of its obligations and do all matters and things reasonably necessary or required in order procure all Tax Credits for which it has applied, including all Tax Credits applied for prior to the date hereof;

- (k) permit the Lender and its representatives, upon reasonable notice and during normal business hours, to visit and inspect the Borrower's premises and examine and make copies of the Borrower's records or other information and discuss the Borrower's affairs with its auditors, counsel and other professional advisors; and
- (l) at its expense, promptly execute and deliver all such further security agreements, hypothecs, instruments and documents, and to do all such further acts and things, as the Lender may from time to time reasonably require to ensure that the Security Documents shall at all times constitute a perfected Lien on all present and after-acquired property and undertaking of the Borrower, subject only to Permitted Liens.

## 6.2 Negative Covenants

The Borrower covenants and agrees with the Lender that the Borrower will not:

- (a) grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights other than Permitted Liens;
- (b) without the prior written consent of the Lender, acting reasonably, and other than in connection with the Equity Transaction, sell, transfer, convey, lease or otherwise dispose of any part of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- (c) without the prior written consent of the Lender, acting reasonably, and other than in connection with the Equity Transaction, merge, amalgamate, consolidate or otherwise enter into any other form of business combination with any other Person;
- (d) other than in connection with the Equity Transaction, make any payment to any Person on account or in respect of any Subordinated Debt unless (i) at the time of any such payment, no Default or Event of Default has occurred and is then continuing, or (ii) no Default or Event of Default would be caused or could be reasonably be expected to occur as a result of the making of any such payment;
- (e) modify the current compensation plan of the Borrower in any material respect; or
- (f) for a period of nine months after the date hereof, allot, create or issue, or agree to allot, create or issue any security in the capital of the Borrower to any Person who is employed by or related, directly or indirectly to the Borrower other than in accordance with an employee stock option plan approved by the shareholders of the Borrower and other than in connection with the Equity Transaction.

## 6.3 Use of Proceeds

The Borrower covenants and agrees that the proceeds of the Facility shall be used by the Borrower solely for the purpose of completing the Equity Transaction and the balance if any, for the general business purposes of the Borrower. As of the date hereof, the amount owed to 7189966 Canada Limited is the approximate amount of \$5,910,000 and the number of Common shares in the capital of the Borrower registered in the name of 7189966 Canada Limited is 3,404,595. In consideration for the repayment of such debt and the purchase of such Common

shares, the Borrower shall obtain a release of all claims and a discharge of all security owing to or held by 7189966 Canada Limited.

#### **6.4 Board Observer Status**

The Borrower agrees that a nominee of the Lender, who shall be Francis Chou, shall be entitled to receive five days prior notice of and to attend all meetings of the board of directors. The notice of the meeting shall include all board materials provided to the board members. If the board meeting is to be held in a location other than in the City of Toronto, then the Lender shall be reimbursed for all reasonable travel and accommodation costs incurred by the nominee in order to attend the board meeting. The nominee shall be entitled to attend board meetings by telephone conference whereby all of the participants are able to hear and communicate with each other. The nominee shall not be compensated for the time required to travel to or attend board meetings.

#### **6.5 Inter-Creditor Arrangements**

The Lender acknowledges that the Borrower is indebted to Royal Bank of Canada in the approximate amount of \$1,000,000. As a condition of the Advance, the Lender and the Royal Bank of Canada shall enter into an inter-creditor agreement whereby the Royal Bank of Canada acknowledges and consents to the Facility and the security to be granted to the Lender including a first Lien on the Tax Credits and the proceeds arising therefrom. The security arrangements to be provided to the Lender will include the establishment of a cash collateral account with the Royal Bank of Canada or another financial institution whereby all amounts paid to the Borrower with respect to the Tax Credits can be deposited and transferred to the Lender. One or more nominees of the Lender will have sole signing authority on the cash collateral account.

The shareholders or other related parties of the Borrower who have advanced funds to the Borrower shall enter into postponement and subordination agreements in favor of the Lender. The subordination and postponement agreements shall provide that no amounts shall be payable to such Persons, without the prior written consent of the Lender, nor shall any security held by them be enforced as long as any amount remains owing by the Borrower to the Lender under the Facility.

#### **6.6 Business Combination**

The Lender understands that the Borrower is considering a business combination (the “**Business Combination**”) with one or more other companies. The Business Combination may include an amalgamation, arrangement, reorganization, sale of assets or exchange of shares whereby substantially all of its business and undertakings or shares are combined with the other companies to form a resulting issuer whose securities are listed for trading on a recognized stock exchange in Canada including the TSX Venture Exchange. The Lender acknowledges that there is no agreement or assurance that the Business Combination will be completed prior to the Maturity Date or at all.

As further consideration for the Advance, the Borrower agrees to grant to the Lender 5,384,615 common share purchase warrants (the “**Warrants**”). Each Warrant shall entitle, or require, as the case may be, the Lender to acquire one common share of the Borrower (each, a “**Common Share**”) for a period expiring on the earlier of the payment in full of the Outstanding Principal Amount and the Maturity Date at a price per Common Share of \$0.65. The exercise of the Warrants shall only be permitted and is conditional upon completion of a Business Combination



prior to the Maturity Date and may only be exercised as part of the Business Combination. The exercise price of the Warrants may be satisfied in whole or in part through the conversion of all or a part of the Outstanding Principal Amount. In the event of a Business Combination, then the Borrower may require the Lender or the Lender will have the right to exercise the Warrant so that the Lender will receive shares in the capital of the resulting issuer in exchange for Common Shares.

If a Business Combination is not completed prior to the Maturity Date, or if it does occur and neither the Borrower nor the Lender elect that the Lender must exercise the Warrants, then the Lender shall be entitled to a placement fee payable on the Maturity Date in amount equal to 4% of the amount of the Advance. If only a portion of Warrants are exercised, then the amount of the placement fee shall be pro-rated based on the number of Warrants not exercised to the total of Warrants. The placement fee will be deemed to form a part of the Outstanding Principal Amount and payment will be secured as part of and pursuant to the Loan Documents. As a condition of the Advance the parties shall enter in a warrant agreement (the “**Warrant Agreement**”) containing the terms hereof and such other terms as are customarily contained in a Warrant Agreement.

## **6.7 Equity Transaction**

The parties acknowledge that notwithstanding any other provision of this Agreement, the Borrower shall be permitted to complete the Equity Transaction and each step thereof.

## **ARTICLE 7 - EVENTS OF DEFAULT**

### **7.1 Events of Default**

Each of the following events shall constitute an Event of Default hereunder:

- (a) if the Borrower fails to pay any Outstanding Principal Amount, interest or other amount payable by the Borrower to the Lender hereunder when due and owing hereunder and such default continues unremedied for a period of 5 days after notice from the Lender to the Borrower;
- (b) if the Borrower defaults in the performance of any covenant or other obligation contained herein or in any Loan Document, other than as referred to in Section 7.1(a) above, and such default shall continue unremedied for 10 days from the earlier to occur of (i) the Lender providing notice to the Borrower of such default or (ii) the Borrower becoming aware of such default;
- (c) if any representation or warranty made or deemed to be made by the Borrower under any Loan Document should prove to be false or misleading in any material respect when given or deemed to be given in accordance with the provisions thereof;
- (d) if any present or future indebtedness of the Borrower having an outstanding principal amount in excess of \$200,000 (i) becomes due and payable prior to its stated maturity by reason of the occurrence of default thereunder, or (ii) is not paid when demanded or due or within any applicable grace period originally provided therefor or reasonable period of time for demand loan repayments (as may be applicable);

- (e) if an Event of Insolvency occurs in respect of the Borrower;
- (f) if an encumbrancer takes possession of any material property or assets of the Borrower, or if a distress or execution or any similar process is levied or enforced against any of its material property or assets and remains unsatisfied for such period as would permit such property, assets or any part thereof to be sold thereunder, provided that such possession or process has not been stayed and is not being contested in good faith by the Borrower;
- (g) if this Agreement or any of the Loan Documents ceases to be enforceable in accordance with its terms;
- (h) if a judgment or order for payment of monies in excess of \$200,000 shall be rendered against the Borrower and is not paid or permanently stayed within 45 days after it has been rendered;
- (i) if any report of or opinion by the auditors of the Borrower in respect of any financial statements of the Borrower contains any qualification which, in the reasonable opinion of the Lender, relates to a matter which materially adversely affects the creditworthiness of the Borrower; or
- (j) if the Borrower defaults under the terms of any of its real property leases (after any applicable cure periods) in connection with any such default, the relevant landlord shall be entitled to distrain against any of the property or assets of the Borrower or the relevant landlord shall be permitted to terminate the relevant real property lease and in any such case, such event would or could reasonably be expected to result in a Material Adverse Effect.

## **7.2 Acceleration**

If an Event of Default occurs, all obligations hereunder or in connection herewith shall, at the option of the Lender immediately become due and payable upon demand by the Lender without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower.

Without limiting the generality of the foregoing, the Lender shall also be entitled, concurrently with making any demand for payment hereunder as contemplated by this Section 7.2, to realize upon any and all of the Security Documents and proceed by any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the Loan Documents or at law or in equity.

## **7.3 Remedies Cumulative**

The rights and remedies of the Lender hereunder are cumulative and in addition to and not in substitution for any rights or remedies provided by law.

## **7.4 Non-Merger**

The taking of a judgment or judgments or any other action or dealing whatsoever by the Lender shall not operate as a merger of any indebtedness or liability of the Borrower to the Lender or in

any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Lender may have in connection with such liabilities.

## ARTICLE 8 - CONDITIONS PRECEDENT TO DRAWDOWN

### 8.1 Drawdown

The obligation of the Lender to make the Advance available hereunder shall be subject to each of the following conditions precedent, which conditions precedent are inserted for the sole and exclusive benefit of the Lender and may be waived by the Lender in writing:

- (a) the representations and warranties of the Borrower set out herein shall be true and correct on the date on which the Borrower received the Advance under this Agreement as if made on such date;
- (b) no Default or Event of Default under this Agreement shall have occurred or be continuing nor shall there be any Default or Event of Default after giving effect to the Advance hereunder;
- (c) the Lender shall have received the following which shall be in form and substance satisfactory to the Lender:
  - (i) certified copies of the articles and by-laws of the Borrower;
  - (ii) a certified copy of the resolution of the board of directors of the Borrower authorizing this Agreement and each of the Loan Documents to which it is a party
  - (iii) an officer's certificate executed by an officer of the Borrower and including without limitation the incumbency of officers and directors of the Borrower;
  - (iv) certificate of status issued by the appropriate governmental authority in the name of the Borrower;
  - (v) insurance certificates with respect to or certified copies of all applicable insurance policies, or such other evidence as the Lender may require as to the compliance by the Borrower with the insurance obligations set out herein;
  - (vi) covenants, confirmations and consents in form acceptable to the Lender in favour of the Lender verifying that all outstanding Liens charging or affecting any of the property or assets of the Borrower, constitute Permitted Liens; and
  - (vii) such other documents as the Lender may reasonably request;
- (d) the Lender shall be satisfied with the ownership, organizational and legal structure of the Borrower, and the Lender shall have received copies of all documents in connection therewith;
- (e) the Lender shall have received and be satisfied with the Tax Credit applications that have been completed and filed;

- (f) the Lender shall be satisfied with the material terms and conditions of any indebtedness of the Borrower ranking in priority to the Lender, shall have entered into an inter-creditor agreement or subordination and postponement agreement with each such creditor as applicable and shall have received copies of all documents in connection therewith;
- (g) the Lender shall have received the following documents with respect to the Borrower which shall be in form and substance satisfactory to the Lender and its counsel, each acting reasonably (collectively, the “**Borrower Security**”):
  - (i) general security agreement which creates a Lien on all present and after acquired assets, property and undertaking of the Borrower to secure the present and future indebtedness, liabilities and obligations of the Borrower to the Lender;
  - (ii) a specific assignment of the proceeds of the Tax Credits together with all ancillary documents reasonably necessary or required to implement the specific assignment; and
  - (iii) an opinion by counsel to the Borrower with respect to the Borrower confirming inter alia corporate status, the due authorization, execution, delivery and enforceability of this Agreement and the other Loan Documents against the Borrower and the priority of the Security Documents charging such property and the registration of the Security Documents;
- (h) the Lender shall not have received any order or demand in respect of the Borrower under Section 224.1(1) of the *Income Tax Act* (Canada) or any similar federal or provincial statute;
- (i) any shareholder or related person of the Borrower to whom the Borrower is indebted for borrowed money shall have delivered a subordination amendment agreement in respect of such indebtedness in form and substance satisfactory to the Lender in its discretion;
- (j) the Lender and the Borrower shall have entered into the Warrant Agreement including the terms set out herein and otherwise on terms mutually satisfactory to the parties;
- (k) the Lender shall be satisfied that the Borrower has obtained all consents required from any Person (including without limitation any Governmental Body) or under any Applicable Law in respect of the Loan Documents and the transactions contemplated thereby; and
- (l) the Lender shall have received such other documents, instruments and information as the Lender may reasonably require.

## ARTICLE 9 - MISCELLANEOUS

### 9.1 Fees and Expenses

The Borrower shall pay to the Lender all reasonable costs and expenses of the Lender, including, without limitation, all reasonable fees and expenses of counsel to the Lender incurred in

connection with (i) the preparation of and review of this Agreement and each of the other Loan Documents not to exceed \$35,000 together with applicable taxes and is hereby authorized to deduct such costs and expenses from the Advance, (ii) any actual or proposed amendment or modification hereof or thereof or any waiver hereunder or thereunder, (iii) establishing the validity and enforceability of this Agreement and any such other agreements, or (iv) defending, protecting and/or enforcing any of the rights and remedies of the Lender hereunder and thereunder; provided, however, that the Lender shall provide as and when requested evidence of the incurrence of all such reasonable costs and expenses and, where applicable, copies of any relevant accounts, bills and statements.

## **9.2 Indemnification**

The Borrower shall indemnify the Lender and its respective officers, directors, employees, agents and shareholders and shall hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims (including legal fees on a full indemnity basis) relating to this Agreement or any other Loan Document and arising in respect of any action (including any action referred to herein) or inaction or omission to do any act legally required of the Borrower pursuant to the Loan Documents, provided that the Borrower shall have no obligation hereunder to any such Person to the extent the claim or loss resulted from the gross negligence or wilful misconduct of such Person. The Borrower's obligations and indemnification under this Section 9.2 shall survive the payment and satisfaction of all obligations and the termination of this Agreement. The Lender shall hold the benefit of this indemnity in trust for those indemnified parties who are not parties to this Agreement.

## **9.3 Waiver**

No waiver or delay on the part of the Lender in exercising any right or privilege hereunder and no waiver as to any Default or Event of Default hereunder shall operate as a waiver thereof unless made in writing and signed by an authorized officer of the Lender. No written waiver shall preclude the further or other exercise by the Lender of any right, power or privilege hereunder, or extend to or apply to any further Default or Event of Default. Subject to the provisions of this Agreement, the Lender shall have the rights and remedies afforded to it under the Loan Documents or available at law or in equity and all such rights and remedies shall be cumulative, and all such rights and remedies may be pursued jointly or separately, successively or concurrently against the Borrower or others (or any one or more of them) at the sole discretion of the Lender.

## **9.4 Further Assurances**

From time to time, the Borrower shall forthwith on the Lender's reasonable request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be reasonably required by the Lender with respect to this Agreement or the Loan Documents or any part hereof or thereof or as may be required to give effect thereto.

## **9.5 Dealings by Lender**

The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower and any guarantors, debtors of the Borrower or sureties and others and with any other securities which

may hereafter be held as the Lender may see fit without prejudice to the liability of the Borrower hereunder or the Lender's right to hold and enforce any such securities.

## 9.6 Notices

Any notice or other communication permitted or required to be given hereunder must be given in writing and may be effectively given by delivering the same at the addresses hereinafter set forth or by sending the same by electronic mail or by prepaid registered mail to the parties at such addresses. Any notice or other communication so given by personal delivery or by electronic mail on a Business Day shall be deemed to have been given, received and made on such Business Day so long as it is actually received prior to 5:00 p.m. (Toronto time) on such Business Day, and otherwise, shall be deemed to have been given, made and received on the next following Business Day, and any notice or other communication so mailed shall be deemed to have been given, made and received on the fifth Business Day following the mailing thereof, provided that no such notice or other communication shall be mailed during any actual or apprehended disruption of postal services. The addresses of the parties for the purposes hereof shall respectively be:

in the case of the Lender, addressed as follows:

Chou Associates Management Inc.  
110 Sheppard Avenue East  
Suite 301, Box 18  
Toronto, Ontario M2N 6Y8  
Canada

Attention: Francis Chou  
E-mail: [fchou@choufunds.com](mailto:fchou@choufunds.com)

in the case of the Borrower, addressed as follows:

Fuel Industries Inc.  
7 Hinton Ave N., Suite 100  
Ottawa, Ontario K1Y4P1  
Canada

Attention: Julie Allen  
E-mail: [jallen@fuelyouth.com](mailto:jallen@fuelyouth.com)

Either party may from time to time notify the other party hereto, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such party for all purposes of this Agreement.

## 9.7 Maximum Rate of Return

Notwithstanding any provision to the contrary contained herein, in no event shall the aggregate "interest" (as defined in section 347 of the Criminal Code, Revised Statutes of Canada, 1985, c.46 as the same may be amended, replaced or re-enacted from time to time) payable hereunder exceed the effective annual rate of interest on the "credit advanced" (as defined in that section)

hereunder lawfully permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of “interest” (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of the Borrower and the Lender and the amount of such payment or collection shall be refunded to the Borrower (or any one or more of them as may be applicable). For purposes hereof, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Facility on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender will be conclusive for the purposes of such determination. If it is not determinable which particular payment or collection is contrary to the provisions of the section of the Criminal Code referred to above, the Lender will, in consultation with the Borrowers (or any one or more of them as may be applicable), determine the payments or collections to be refunded.

### **9.8 Successors, Assigns, Participants**

Except as provided in this Section 9.8, none of the rights or obligations under this Agreement is assignable or transferable by any party.

The Borrower may not assign its rights and obligations under this Agreement without the prior consent of the Lender.

The Lender shall have the right without the consent of the Borrower to sell, transfer or assign its interest in the Lender’s obligations, rights and benefits hereunder, all at the Lender’s expense.

This Agreement shall be binding on and shall enure to the benefit of the Borrower and the Lender and their respective successors and, to the extent permitted by this Agreement, their respective assigns.

### **9.9 Survival**

This Agreement shall continue in full force and effect so long as the Borrower is entitled to the Advance or any indebtedness or liability is due and payable to the Lender in respect of the Facility. All agreements, representations, warranties and covenants of the Borrower made herein or in any document delivered by or on behalf of the Borrower to the Lender pursuant to the provisions hereof or otherwise, shall be deemed to have been relied on by the Lender notwithstanding any investigation heretofore or hereafter made by the Lender, the Lender’s solicitors or any representative of the Lender and shall survive the execution of this Agreement and the granting of Advance under the Facility until repayment in full of all amounts owing to the Lender.

### **9.10 Governing Law**

This Agreement and each of the other Loan Documents (unless any such other Loan Document is specifically stated to be governed by the laws of a jurisdiction other than the Province of Ontario), and all certificates and other instruments and agreements delivered in connection herewith, shall be construed and interpreted in accordance with the laws of Ontario and of Canada applicable therein.

**9.11 Performance**

The Borrower hereby authorizes the Lender to perform any of the covenants of the Borrower under this Agreement on behalf and at the expense of the Borrower in the event the Borrower has not done so after 10 Business Days' notice by the Lender to the Borrower and the Borrower shall fully indemnify and hold harmless the Lender should it elect to do so, provided that the Lender shall have no obligation to do so and no such action by the Lender hereunder shall have the effect of curing the default of the Borrower or otherwise prejudicing in any way any of the other rights or remedies which the Lender may have in respect thereof.

**9.12 Severability**

If any provision of this Agreement or any other Loan Document is or becomes illegal, invalid or unenforceable, such provision shall be severed from this Agreement or such other Loan Document (as the case may be) and be ineffective to the extent of such illegality, invalidity or unenforceability. The remaining provisions hereof or thereof shall be and remain unaffected by such provision and shall continue to be valid and enforceable.

**9.13 Time**

Time is of the essence hereof.

**9.14 Form and Substance**

All documents, certificates and other agreements required to be delivered to the Lender hereunder shall be in form and substance satisfactory to the Lender acting reasonably.

**9.15 Oral Authority**

The Lender shall be entitled to act upon the oral instructions of any person identified in writing by the Borrower from time to time by notice or other document given to the Lender as a person authorized by the Borrower to give instructions regarding the making of the Advance by the Lender to the Borrower hereunder and the Lender shall not be responsible for any error or omission in such instructions or in the performance thereof, except in the event of wilful misconduct.

**9.16 Entire Agreement**

This Agreement and the Loan Documents constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, undertakings, understandings and representations including without limitation all offers of credit or term sheets, whether oral or written.

**9.17 Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

*[Remainder of Page Intentionally Left Blank]*



23.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the day and year first above written.

**FUEL INDUSTRIES INC.**

By: Andrew Wing  
Name: Andrew Wing  
Title: Co-Chief Executive Officer

**CHOU ASSOCIATES MANAGEMENT INC.**

By: Francis Chou  
Name: Francis Chou  
Title: President

**SCHEDULE A****LIST OF PERMITTED LIENS**

- i. any Lien consented to in writing by the Lender, including Liens in favour of the Lender;
- ii. Liens granted to Royal Bank of Canada in connection with an operating line of credit;
- iii. any Lien for Taxes, local improvements, assessments or governmental charges or levies not yet due or being diligently contested in good faith by appropriate proceedings and for which reserves or contingency funds satisfactory to the Lender, acting reasonably, have been set aside;
- iv. any carriers', warehousemen's, mechanics', workers', materialmen's or other similar liens in respect of charges accruing in favour of any Person, so long as such charges are not yet due or are being diligently contested in good faith by appropriate proceedings and for which reserves or contingency funds satisfactory to the Lender, acting reasonably, have been set aside;
- v. undetermined, inchoate or statutory liens, privileges or charges incidental to current operations which have not at such time been filed pursuant to law against such Person's property or assets or which relate to obligations not due or delinquent;
- vi. any lien or any right of distress reserved in or exercisable under any lease for the payment of rent and for compliance with the terms of such lease provided that the obligations secured thereby are not yet due or delinquent or are being diligently contested in good faith by appropriate proceedings and for which reserves or contingency funds satisfactory to the Lender, acting reasonably, have been set aside;
- vii. cash or governmental obligations deposited in the ordinary course of business in connection with contracts, bids, tenders or to secure worker's compensation, unemployment insurance, surety or appeal bonds, costs of litigation, when required by law, public and statutory obligations, liens or claims incidental to current construction;
- viii. the provisions of governing municipal by-laws, including those relating to zoning and security given in the ordinary course of business to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Borrower;
- ix. all rights reserved to or vested in any Governmental Body by the terms of any lease, licence, franchise, grant or permit held by the Borrower or by any statutory provision to terminate any such lease, licence, franchise,

grant or permit or to require annual or periodic payments as a condition of the continuance thereof;

- x. any rights of expropriation, access or use, or any other similar rights conferred or reserved by or in any statute of Canada or Ontario;
- xii. Liens against the Borrower's assets which are perfected by financing statements or other security registrations which have been filed against the Borrower to the extent such Liens relate solely to equipment leased from such entities by the Borrower;
- xiii. Liens on equipment created solely for the purpose of securing indebtedness permitted by clause (ii) of the definition of Permitted Indebtedness, representing or incurred to finance the purchase price of such equipment, provided that no such Lien shall extend to or cover other property other than the respective equipment (and proceeds thereof) so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of such equipment, as reduced by repayments of principal thereon;
- xiii. any Lien arising from court or arbitral proceedings, provided that the claims secured thereby are being contested in good faith by the Borrower, provided that adequate monies to satisfy the indebtedness owing in respect of such Lien has been paid by the Borrower to the Lender to be held by the Lender in an interest-bearing account or instrument and further provided that execution thereon has been stayed and continues to be stayed and such Lien does not constitute or result in an Event of Default;
- xiv. any Lien in respect of any judgment rendered, or claim filed, against the Borrower, which has been contested in good faith by the Borrower in respect of which the Borrower shall have paid into court a bond or other security or deposited with the Lender collateral satisfactory to the Lender acting reasonably in an amount sufficient to pay such judgment or claim together with any interest thereon and costs in respect thereof;
- xv. Liens relating to Subordinated Debt, if approved by the Lender and if appropriate subordination agreements or intercreditor agreements, containing terms satisfactory to the Lender in its sole discretion, acting reasonably, have been delivered to the Lender; and
- xvi. Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) to (n) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

**SCHEDULE B****LIST OF SUBSIDIARIES**

1. All Girl Arcade Inc.
2. Fuel Entertainment Inc.
3. Fuel Industries (U.S.) Inc.

**SCHEDULE C**

**LIST OF PERMITTED INDEBTEDNESS**

1. Operating line of credit with Royal Bank of Canada

**SCHEDULE D****LOCATIONS OF ASSETS/OPERATIONS**Owned

- N/A

Leased (with name of Landlord)

- Ottawa Office Lease – Metcalfe Realty Co. 2700 Queensview Dr., Ottawa, ON K2B 8H6
- LA Office Lease – National and Hayden, LLLP 3528 Hayden Ave, 2<sup>nd</sup> Fl, Culver City, CA 90232

Warehouse (with name of warehouse operator)

- N/A

Location(s) of Books and Records

- Financial Records - Ottawa – 100-7 Hinton Ave. North, Ottawa, ON, K1Y 4P1
- Minute Books – Dentons LLP 99 Bank St., Suite 1420, Ottawa, ON K1P 1H4

**SCHEDULE E****TAX CREDITS**

Filing Date	Anticipated Payment Date	Gross Filing Amount	Anticipated Recovery Amount (@80%)	Anticipated Recovery Amount (@90%)
19-Nov-2013	15-Apr-2015	\$1,460,621	\$1,168,497	\$1,314,559
14-Nov-2014	15-Apr-2016	\$1,992,273	\$1,593,818	\$1,793,046
15-Jun-2015	15-Dec-2016	\$1,600,000	\$1,280,000	\$1,440,000
	Total	\$5,052,894	\$4,042,315	\$4,547,605

This is Exhibit "H" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits



**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** is dated as of February 9<sup>th</sup>, 2015.

**BETWEEN:**

**FUEL INDUSTRIES INC.**,  
a corporation existing under the laws  
of the Province of Ontario  
(the “**Borrower**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.**,  
a corporation existing under the laws  
of the Province of Ontario  
(the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Borrower is indebted to the Lender in the principal amount of \$7,500,000 together with interest thereon (the “**Loan**”) as evidenced by a promissory note (the “**Note**”) dated as of the date hereof issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of a loan agreement dated as of February 9<sup>th</sup>, 2015 (the “**Loan Agreement**”) between the Borrower and the Lender;

**AND WHEREAS** in order to secure the Borrower’s obligations to the Lender under the Loan Agreement and Note, the Borrower has agreed to execute and deliver this Agreement to the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Loan Agreement and the Note, as applicable.

**ARTICLE 2 – GRANT OF SECURITY INTEREST**

**2.1 Obligations Secured.**

The Security Interest (as hereinafter defined) is granted to the Lender by the Borrower as continuing security for the payment of all present and future indebtedness and liabilities of the

Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement, the Loan Agreement or the Note or any other loan document (collectively, the "**Obligations**").

## 2.2 Creation of Security Interest.

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

- (a) **Equipment** - all present and future equipment of the Borrower, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto ("**Equipment**");
- (b) **Inventory** - all present and future inventory of the Borrower, including all raw materials, materials used or consumed in the business of the Borrower, work-in-progress, finished goods, goods used for packing, materials used in the business of the Borrower not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("**Inventory**");
- (c) **Accounts** - all present and future debts, demands and amounts due or accruing due to the Borrower whether or not earned by performance, including without limitation its book debts, accounts receivable, and claims under policies of insurance, and all contracts, security interests and other rights and benefits in respect thereof ("**Accounts**");
- (d) **Intangibles** - all present and future intangible personal property of the Borrower, including all contract rights, goodwill, patents, trade marks, copyrights and other intellectual property, and all other choses in action of the Borrower of every kind, whether due at the present time or hereafter to become due or owing;

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

**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of the Borrower located on or about or in transit to or from the address of the Borrower set out in this Agreement.

**ARTICLE 3 - COLLATERAL****3.1 Attachment.**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, the Borrower will, at the written request and option of the Lender, (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, the Borrower will (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

**3.2 Dealings with Collateral.**

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

**3.3 Notification to Account Borrowers.**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

**3.4 Exception re Leasehold Interests and Contractual Rights.**

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Borrower agrees to stand possessed of such last day in trust for any person acquiring such interest of the Borrower. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right,

licence or permit to which the Borrower is a party, the Security Interest shall not attach thereto, but the Borrower shall hold its interest therein in trust for the Lender, and the Security Interest shall attach to such agreement, right, license or permit forthwith upon obtaining the consent of the other party thereto.

#### **ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

##### **4.1 Representations and Warranties.**

The Borrower hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) the Borrower has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by the Borrower of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) the Borrower's registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

##### **4.2 Covenants of Borrower.**

The Borrower covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by the Borrower to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause approved by the Insurance Bureau of Canada, and the Borrower agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the Lender with certificates of insurance and certified copies of such policies and to name the Lender as loss payee of such policies;
- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;

- (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
- (f) to deliver to the Lender such information concerning the Collateral or the Borrower as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of the Borrower;
- (g) to allow the Lender to have access to all premises of the Borrower upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Borrower agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
- (h) at any time while the Obligations are outstanding hereunder, the Borrower shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
- (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, the Borrower shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5 – ENFORCEMENT AND REMEDIES**

### **5.1 Enforcement.**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

### **5.2 Remedies.**

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between the Borrower and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;

- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of the Borrower or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Borrower; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by law or equity.

### **5.3 Powers of Receiver.**

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

- (a) to enter upon, use and occupy all premises owned or occupied by the Borrower;
- (b) to take possession of the Collateral;
- (c) to carry on the business of the Borrower;
- (d) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Borrower, and in the discretion of such Receiver, to charge and grant further security interests in the

Collateral in priority to the Security Interest, as security for the money so borrowed;

- (e) to sell, lease or otherwise dispose of the Collateral or any part thereof on such terms and conditions and in such manner as the Receiver shall determine in its discretion;
- (f) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the Accounts or any other obligation of any third party to the Borrower; and
- (g) to exercise any rights or remedies which could have been exercised by the Lender against the Borrower or the Collateral.

#### **5.4 Disposition.**

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

#### **5.5 Failure of the Lender to Exercise Remedies.**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrowers of the Borrower, the Borrower and others and with the Accounts as the Lender may see fit, without the prejudice to the liability of the Borrower or the Lender's right to hold and realize on the Accounts.



## **5.6 Application of Payments.**

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

## **5.7 Dealings by the Lender.**

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

## **ARTICLE 6 – GENERAL PROVISIONS**

### **6.1 Notice.**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in accordance with the Loan Agreement.

### **6.2 Power of Attorney.**

The Borrower hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Borrower arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Borrower whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Borrower or for any other reason.

### **6.3 Separate Security.**

This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Borrower, the Obligations or

the Collateral and any other present and future rights or remedies which the Lender might have with respect thereto.

#### **6.4 Lender Not Obligated to Advance.**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to the Borrower or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

#### **6.5 Amalgamation of Borrower.**

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

#### **6.6 Amendments.**

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

#### **6.7 Waivers.**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

#### **6.8 Assignment.**

The Lender may from time to time upon notice to, but without the consent of the Borrower, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the “Assignee”). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. The Borrower shall not be entitled to assign or transfer this Agreement or any of the Borrower’s rights, duties or obligations hereunder without the prior written consent of the Lender.

### **6.9 Release and Reconveyance.**

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

### **6.10 Subordination and Letter Agreement.**

The Lender acknowledges that its rights hereunder are subject to the subordination and letter agreement between the Lender, Royal Bank of Canada and the Borrower dated as of the date hereof (the “**RBC Agreements**”) and that the Borrower’s representations, warranties, covenants and agreements hereunder are subject to such RBC Agreements and that any actions or steps taken or omitted to be taken in compliance with the terms of the RBC Agreements and the priorities set out therein shall not be deemed to be an Event of Default under this Agreement.

### **6.11 Number, Gender and Persons.**

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

### **6.12 Severability.**

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

### **6.13 Successors and Assigns.**

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

### **6.14 Time.**

Time shall be of the essence of this Agreement.

**6.15 Execution by E-mail.**

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

**6.16 Governing Law and Attornment.**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where the Borrower has property, the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

**6.17 Entire Agreement.**

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

**6.18 Further Assurances.**

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

**6.19 Set-Off.**

The Lender may at any time and from time to time, without notice to the Borrower or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Borrower with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to the Borrower, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.

**6.20 Copy of Agreement.**

The Borrower acknowledges receipt of an executed copy of this Agreement.

*[Remainder of page intentionally left blank]*

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

**FUEL INDUSTRIES INC.**

A handwritten signature in black ink, appearing to read "Andrew Wing", is written over a horizontal line.

Name: Andrew Wing

Title: Co-Chief Executive Officer

**CHOU ASSOCIATES MANAGEMENT INC.**

A handwritten signature in black ink, appearing to read "Francis Chou", is written over a horizontal line.

Name: Francis Chou

Title: President

This is Exhibit "I" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**SPECIFIC ASSIGNMENT AGREEMENT**

**AGREEMENT** dated as of February 9<sup>th</sup>, 2015 (the “**Agreement**”)

**BETWEEN:**

**FUEL INDUSTRIES INC.**, a company incorporated under the laws of the Province of Ontario, having its registered office at 7 Hinton Avenue North, Suite 100, Ottawa, Ontario, K1Y 4P1 (hereinafter called the “**Borrower**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.**, a company incorporated under the laws of the Province of Ontario, having its registered office at 110 Sheppard Avenue East, Suite 301, Box 18, Toronto, Ontario, M2N 6Y8 (hereinafter called the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Borrower is indebted to the Lender in the principal amount of \$7,500,000 together with interest thereon (the “**Loan**”) as evidenced by a promissory note (the “**Note**”) dated as of the date hereof issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of a loan agreement dated as of February 9<sup>th</sup>, 2015 (the “**Loan Agreement**”) between the Borrower and the Lender;

**AND WHEREAS** the Borrower is, and may hereafter become, entitled to receive refundable tax credits (the “**Tax Credit Proceeds**”) for eligible Ontario labour, marketing and distribution expenditures relating to the development of interactive digital media products (the “**Products**”) to be received from the Ontario Interactive Digital Media Tax Credit (“**OIDMTC**”) jointly administered by the Ontario Media Development Corporation (“**OMDC**”) and the Canada Revenue Agency (“**CRA**”);

**AND WHEREAS** the Borrower has agreed to assign, transfer and convey, in favour of the Lender, the Tax Credit Proceeds as security of repayment of the Loan, together with any accrued and unpaid interest thereon;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

## ARTICLE 1 - DEFINITIONS

### 1.1 Definitions

Any capitalized term not defined in this Agreement shall have the meaning ascribed thereto in the Loan Agreement or the Note, as applicable. In this Agreement:

“**Act**” means the *Corporations Tax Act* (Ontario).

“**Agreement**” means this Specific Assignment Agreement, including all amendments or restatements, and references to “Article” or “Section” means the specified Article or Section of this Agreement.

“**Ministry**” means the Ontario Ministry of Finance.

“**Regulations**” means Ontario Regulation 37/09 made under the Taxation Act.

“**Security Interest**” means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any lender a right in respect of a particular property.

“**Taxation Act**” means the *Taxation Act, 2007* (Ontario).

“**Tax Authorities**” means, collectively, the CRA, the OMDC and the Ministry, and “**Tax Authority**” mean any one of them.

“**Tax Credit Proceeds**” has the meaning set forth on page 1.

“**Tax Refund**” means the refund generated by the Borrower's claim for the Tax Credit Proceeds.

## ARTICLE 2 – ASSIGNMENT AND APPOINTMENT OF ATTORNEY

### 2.1 Assignment

The Borrower hereby irrevocably and unconditionally assigns, transfers and sets over by way of a fixed and specific assignment (without recourse) and grants to the Lender as a continuing Security Interest in and to the Tax Credit Proceeds and additionally grants to and in favour of the Lender absolutely all of the Borrower's right, title and interest in and to all credits, refunds, proceeds and/or accrued interest payable thereon together with all other monies that may become due and payable in respect of all past, present and future OIDMTC claims of the Borrower and the full benefit of all powers, covenants and provisos to which the Borrower is entitled under the OIDMTC claims until all obligations under the Loan Agreement have been repaid in full.



## **2.2 Attorney of Borrower**

(a) During the term of this Agreement, the Borrower hereby irrevocably and unconditionally appoints the Lender as its lawful attorney and expressly authorizes the Lender to exercise any of the rights, entitlements, privileges, powers, benefits, advantages, authorities and discretions which could otherwise be exercised by the Borrower with respect to the Tax Credit Proceeds.

(b) The Lender may collect and otherwise realize upon (including converting same into cash for the sole and exclusive benefit and use of the Lender) any credits, refunds, proceeds, accrued interest or other monies that may become due and payable in respect of the OIDMTC claims, and the Lender may appropriate such proceeds thereof in its absolute discretion on account of such parts of the Loan or the Note as may seem best to the Lender; and the Lender before appropriating the same as aforesaid may deduct all reasonable costs, charges and expenses of realization including all legal costs on account of obtaining a solicitor.

(c) The Lender is authorized to receive, sign, execute, deliver and file with the Tax Authorities all documents reasonably necessary or required to obtain payment of any amounts payable to the Borrower in respect of the Tax Credit Proceeds including, without limitation, the Borrower's Tax Returns (as hereinafter defined), if such documents are not filed by the Borrower in a timely manner as determined by the Lender, acting reasonably.

(d) The Lender is authorized to communicate with the Tax Authorities regarding any and all matters pertaining to the Borrower, its principals, affiliates or subsidiaries and the Products and to obtain from the Tax Authorities any information including, without limitation, any personal or confidential information relating to the Borrower, its principal, affiliates and subsidiaries and the Products.

(e) The Borrower authorizes each Tax Authority to release information, without limitation, any personal and/or confidential information relating to the Borrower, its principals, affiliates and subsidiaries and the Products, that the Borrower's attorney may request pursuant to this power of attorney.

(f) The Borrower hereby agrees and directs that the Lender shall be fully and completely indemnified against all claims, actions and costs which may be incurred by or imposed on the Lender in connection with the exercise of this power of attorney undertaken by it in good faith.

(g) This power of attorney shall continue in force until written notice of revocation signed by the Borrower has been served upon the Lender, which revocation shall not be valid until the Lender gives written notice to the Borrower that all obligations of the Borrower under the Loan Agreement and the Note have been satisfied in full.

## **2.3 Payments to the Borrower**

During the term of this Agreement, if any Tax Credit Proceeds are received or held by the Borrower, the Borrower hereby agrees to forthwith remit such Tax Credit Proceeds in full to the

Lender without set-off, deduction or counterclaim and, pending such delivery and/or remittance by the Borrower, all such Tax Credit Proceeds shall be received and held in trust by the Borrower for the sole and exclusive benefit of the Lender. Any such Tax Credit Proceeds received from time to time by the Borrower shall at all times remain in a segregated account and shall not be co-mingled with the Borrower's own funds.

### **ARTICLE 3 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **3.1 Representations & Warranties**

The Borrower hereby represents and warrants to the Lender, and acknowledges that the Lender is relying on such representations and warranties in entering into this Agreement and the Loan Agreement that:

- (a) there is no existing arrears in taxes or source deductions, right of set-off, off-set, counterclaim, claim or compensation of any kind enuring to the Tax Authorities or any other government agency, with respect to the Borrower which would have the effect of reducing any part of the Tax Credit Proceeds as applied for by the Borrower;
- (b) the Borrower has all necessary power and authority, and has taken all steps necessary to enter into this Agreement and upon its execution, it will constitute a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms;
- (c) the Borrower is a duly incorporated, organized and subsisting corporation, and has all requisite powers, capacities, licenses, permissions and has taken all requisite steps under its governing legislation and the other laws applicable to it, and under its articles of incorporation, by-laws and governing resolutions to:
  - (i) own the assets which the Borrower has represented as belonging to the Borrower in any financial statement or representation made by the Borrower to the Lender; and
  - (ii) carry on all business in which the Borrower is engaged.
- (d) the Borrower has not previously assigned any amount of the Tax Credit Proceeds (either absolutely or by way of security) other than to its operating lender in respect of its operating credit facilities and which operating lender has entered into a subordination agreement and letter agreement with the Lender or directed payment of the Tax Credit Proceeds to any other person;
- (e) to the best of the Borrower's knowledge, the Products developed or created by the Borrower, do not violate or infringe upon any copyright, trademark, trade name, patent, artistic, literary, dramatic, music, personal, civil or property rights, or the rights of privacy of any person, firm or corporation, or constitute a libel or slander

of any such person, firm or corporation;

- (f) to the best of the Borrower's knowledge, there are no claims, liens or encumbrances in, on or against the Products developed or created by the Borrower or any part thereof which can or will impair the Lender's rights hereunder;
- (g) the Borrower has not entered into any agreement which derogates from or infringes upon the rights granted to the Lender hereunder or under the Loan Agreement or the Note;
- (h) the Borrower has not made any omission or incorrect statement for the purposes of obtaining the Tax Credit Proceeds;
- (i) the Borrower has not assigned, granted or conveyed to any other entity any rights with respect to the financing, creation or development of the Products which would conflict with the terms of this Agreement, the Loan Agreement or the Note;
- (j) there are no potential preferred claims affecting the Borrower and the Borrower has paid all "employee source deductions" that the Borrower is required to make, including, without limitation, such deductions required by: (i) Federal Income Tax, (ii) Canada Pension Plan and (iii) Employment Insurance. For purposes of this Agreement "**potential preferred claims**" means amounts owing for wages, employee deductions, sales tax, excise tax, income tax, Workers' Compensation premiums, government royalties, pension fund obligations, overdue rents or taxes, purchase monies, security interests and other statutory preferred claims;
- (k) the Products are "interactive digital media products" and satisfy all eligibility requirements for the Tax Credit Proceeds as set out in Section 34 of the Regulations, including without limitation:
  - (i) a combination of one or more application files and one or more data files, all in a digital format, that are integrated and are intended to be operated together and that have the following characteristics when they are being operated:
    - A. their primary purpose is to educate, inform or entertain the user;
    - B. they achieve their primary purpose by presenting information in at least two of the following forms:
      - (aa) text;
      - (bb) sound; and

- (cc) images;
  - C. they are intended to be used by individuals; and
  - D. by interacting with them, the user can choose what information is to be presented and the form and sequence in which it is to be presented;
- (l) the Borrower is a “qualifying corporation” and satisfies all eligibility requirements for the Tax Credit Proceeds as set out in Section 93 of the *Taxation Act*, including without limitation:
  - (i) is a Canadian corporation that satisfies one of the conditions set out in subsection 16 of Section 93;
  - (ii) is not controlled directly or indirectly in any manner by one or more corporations all or part of whose taxable income is exempt from tax under Section 57 of the Act or Part III of the *Taxation Act*; and
  - (iii) is not a prescribed labour-sponsored venture capital corporation under the Federal regulations;
- (m) the OIDMTC labour expenditures of the Borrower are “Ontario labour expenditures” and satisfy all eligibility requirements for the Tax Credit Proceeds as set out in Section 35 of the Regulations and for the purposes of Section 93 of the *Taxation Act*, including without limitation:
  - (i) a qualifying corporation’s Ontario labour expenditure for a taxation year is calculated as the sum of:
    - A. the Ontario labour expenditure incurred by the qualifying corporation in the taxation year for the eligible product; and
    - B. if the development of the eligible product is completed before March 26, 2008, the amount by which the total Ontario labour expenditure incurred by the qualifying corporation in a prior taxation year for the eligible product, to the extent that it is incurred in the 25-month period ending at the end of the month in which the eligible product is completed; or
    - C. if the development of the eligible product is completed after March 25, 2008, the amount by which the total Ontario labour expenditure incurred by the qualifying corporation in a prior taxation year for the eligible product, to the extent that it is incurred in the 37-month period ending at the end of the month in which the eligible product is completed; less

- D. the total government assistance in respect of the Ontario labour expenditure for the eligible product, that the qualifying corporation or any other person or partnership has received, is entitled to receive or can reasonably be expected to receive, to the extent the government assistance has not been repaid pursuant to a legal obligation; and
  - E. the total of all amounts, if any, each of which is the Ontario labour expenditure for the eligible product that was included in the determination of the amount of a credit claimed under Section 93.2 for the year by the qualifying corporation or for a previous taxation year by the qualifying corporation or by a qualifying predecessor corporation;
- (n) the OIDMTC marketing and distribution expenditures of the Borrower are “eligible marketing and distribution expenditures” and satisfy all eligibility requirements for the Tax Credit Proceeds as set out in Sections 93(6) and 93(7) of the *Taxation Act*, including without limitation:
- (i) the eligible marketing and distribution expenditure of a qualifying corporation for an eligible product is the lesser of \$100,000; and
    - A. the total marketing and distribution expenditure in respect of the eligible product incurred by the qualifying corporation in the 24 months before or in the 12 months after the completion of the product; less
    - B. all government assistance for the marketing and distribution expenditures for the eligible product;
  - (ii) the expenditure is directly attributable to advertising or promoting the eligible product or distributing the eligible product to customers or potential customers;
  - (iii) the expenditure is paid no later than 60 days after the end of the taxation year;
  - (iv) the expenditure is not an amount:
    - A. for which the qualifying corporation makes a claim under Section 90, 91 or 92 of the *Taxation Act* or Section 43.5, 43.8, or 43.10 of the Act; or
    - B. incurred by the corporation in carrying out activities that constitute scientific research and experimental development for the purposes

of paragraph 37(1)(a) of the *Income Tax Act* (Canada) or subparagraph 37(1)(b)(i) of the *Income Tax Act* (Canada);

- (v) if the qualifying corporation sells the eligible product directly to a consumer of the eligible product, the expenditure is not directly related to processing an order by a consumer or shipping an eligible product to a consumer; and
  - (vi) if the expenditure relates to an amount paid or payable for meals or entertainment, only 50 per cent of the amount is included in the marketing and distribution expenditure incurred by a qualifying corporation in a taxation year; and
- (o) the fiscal year-end of the Borrower is December 31.

### **3.2 Survival of Representations and Warranties**

The representations and warranties made by the Borrower contained in this Agreement or made in connection herewith shall survive the execution, suspension or termination of this Agreement.

### **3.3 Positive Covenants of the Borrower**

As and from the date hereof, the Borrower hereby agrees and covenants that it shall, until such time as the obligations of the Borrower under the Loan Agreement have been repaid in full:

- (a) do or cause to be done all things necessary to preserve and maintain in full force and effect its corporate existence and to carry on and conduct its business in a proper and businesslike manner;
- (b) to take all necessary steps:
  - (i) to qualify the Products as “interactive digital media products” and for the Tax Credit Proceeds;
  - (ii) to maintain the Borrower’s status as an “qualifying corporation”; and
  - (iii) to maintain the use of “Ontario labour expenditures” and “eligible marketing and distribution expenditures”;
- (c) to take all necessary steps to perform, observe and permit the exercise and enforcement of the rights of the Lender pursuant to this Agreement, the Loan Agreement, the Note, or any agreement, instrument or document executed by the Borrower in connection herewith;
- (d) the Borrower agrees to execute, acknowledge and deliver all such further

documents and instruments as may be necessary or requested by the Lender, including without limitation any security documents securing the Lender's rights hereunder and such other documents as may be requested by the Lender, necessary or expedient to give effect to the purposes and intent of this Agreement;

- (e) notify the Lender promptly in writing of any breach or of non-compliance with any term, condition or covenant contained in this Agreement, the Loan Agreement, the Note, or any other instrument, document or agreement executed in connection herewith;
- (f) promptly cure or cause to be cured, any defects in the execution and delivery of this Agreement or any of the other agreements, instruments or documents executed pursuant hereto or any defects in the validity or enforceability of the Agreement, the Loan Agreement, the Note, or any other instrument or agreement in connection herewith, and at its own expense, execute and deliver or cause to be executed or delivered, all such agreements, instruments and other documents as the Lender may reasonably require;
- (g) comply with and conform to in all material respects the requirements of every applicable statute, law, regulation, ordinance and order in force at any time or from time to time with respect to the Products;
- (h) Application for Tax Credit Proceeds:
  - (i) complete and submit to the OMDC, in a timely manner, the application (the "**Application**") for a Certificate of Eligibility at the Borrower's fiscal-year end (the "**Certificate**");
  - (ii) provide the Lender with confirmation, when available, of the receipt by the OMDC of the Application;
  - (iii) provide the Lender with confirmation, when available, of the OMDC's acceptance of the Application;
  - (iv) provide the Lender with a copy of the Certificate issued by the OMDC in respect of the Products, and, to the extent the OMDC denies the Certificate, advise the Lender forthwith;
  - (v) co-operate in all respects with requests made by the Tax Authorities for documents or other information relating to the Products or the Tax Credit Proceeds;
  - (vi) produce the Products in accordance with the Act, the *Taxation Act*, and the Regulations, including, without limitation, the any guidelines issued and enforced by the OMDC at the time that the Application is reviewed; and

- (vii) simultaneously with the execution of this Agreement, execute and deliver a direction to the CRA to make all payments in connection with the Tax Credit Proceeds to the Lender;
- (i) Income Tax Returns:
  - (i) prepare and file the Borrower's income tax returns (T2) along with Schedule T2SCH560 and the Certificate on a timely basis in respect of any taxation year for which the Tax Credit Proceeds may be claimed (the "**Tax Returns**");
  - (ii) claim the maximum permitted amount of the Tax Credit Proceeds in the Tax Returns;
  - (iii) provide the Lender with copies of all Tax Returns and related filings with the CRA or other applicable fiscal authorities as well as copies of all Notices of Assessments, Notices of Reassessments, all similar documents and all related correspondence issued by the Tax Authorities in relation to the Tax Returns and the Tax Credit Proceeds;
  - (iv) not amend the Tax Returns or related filings without the written consent of the Lender;
  - (v) in respect of the Tax Credit Proceeds, provide the Lender with a duly executed CRA Form RC 366 Direct Deposit Request Form for Corporations (the "**PD Form**") such that the full amount of the Tax Credit Proceeds shall be deposited into the segregated bank account in the name of the Borrower (the "**Designated Account**") and the Borrower covenants and agrees neither to execute and submit a new PD Form nor to contact the CRA to cancel the PD Form;
  - (vi) provide such documentation as may reasonably be required by the Lender to facilitate the assignment to the Lender of the refund generated by the claim for the Tax Credit Proceeds, including without limitation, providing the CRA or OMDC with the mailing address of the Lender for the purposes of the refund cheque, including, but not limited to:
    - A. the direction to the CRA to make payments relating to the Tax Credit Proceeds directly to the Lender, provided the Tax Credit Proceeds are not deposited in accordance with the PD Form and any other documentation as may be required by the Lender to facilitate the assignment to the Lender of the refund generated by the claim for the Tax Credit Proceeds (the "**Tax Refund**"), including, without limitation, providing the CRA with the address of the Lender for the purposes of the Tax Refund; and



- B. any other prescribed documentation in respect to the Products, including all distribution and license agreements;
- (j) Income Tax Refunds:
- (i) to conduct business in such a manner so as not to adversely affect the right to obtain the Tax Refund;
  - (ii) to hold in trust in favour of the Lender and in a segregated account any portion of the Tax Refund paid by the CRA or other fiscal authority to the Borrower, and to pay over as soon as practicable to the Lender or as it may otherwise direct the full amount of such refund. Until such time as such amounts are provided to the Lender, they shall not be co-mingled with the funds of the Borrower; and
- (k) notify the Lender forthwith if the Borrower anticipates or has received notice from any Tax Authority that the “Ontario labour expenditures” or the “eligible marketing and distribution expenditures” (as such terms are defined in the *Taxation Act* and the Regulations) in connection with the Products will be less than the estimates reflected in the federal tax credit estimate.

### 3.4 Negative Covenants of the Borrower

As and from the date hereof, until such time as the obligations of the Borrower under the Loan Agreement have been repaid in full, the Borrower hereby covenants and agrees that it shall not do any of the following, without the prior written consent of the Lender:

- (a) No Assignment: Other than to its operating lender in respect of its operating credit facilities and which operating lender has entered into a subordination agreement and letter agreement with the Lender, sell, transfer or assign any of its rights or obligations hereunder, nor may it sell, transfer, assign or otherwise dispose of any part of its right, title and interest in the Products other than the customary activities of the distribution and exploitation of the Products in accordance with standards and practices of the industry without the prior written consent of the Lender.
- (b) Conflicting Agreements: Enter into any agreement with respect to the matters described herein which would impair with or interfere with the rights held by Lender pursuant to this Agreement, the Loan Agreement or the Note.
- (c) Qualification: Take any action which would in any manner negatively affect or impact on the ability of the Products to qualify as an “interactive digital media product” or the Borrower’s entitlement to the Tax Credit Proceeds.
- (d) Charge on Products: Create, assume, enter into or permit to subsist, directly or indirectly, any charge on the Borrowers’ interest in the Products, which will rank in priority to the Lender’s interest in the Products except as otherwise agreed by the

Borrower and the Lender.

- (e) Fiscal Year-End: Change the fiscal year-end of the Borrower.

## ARTICLE 4 – GENERAL PROVISIONS

### 4.1 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, representatives and permitted assigns.

### 4.2 Amendments

This Agreement cannot be modified, amended or supplemented except by a written instrument executed by each of the parties hereto. The recitals and schedules hereto are deemed to be an integral part of this Agreement and are incorporated herein by this reference.

### 4.3 Notice

All notice required to be given, or which may be given hereunder, shall be in writing, and shall be sent by courier delivery, telecopy or certified mail addressed to the addresses of such party set forth on the first page of this Agreement. Delivery shall be deemed made three business days after prepaid deposit, in the mail, or one business day if by courier. Notices may also be given by either party hereto by telecopy and shall be deemed to have been delivered at the first business day after the date of transmission of such telecopy.

### 4.4 Assignment

The Borrower may not assign its rights and obligations hereunder and any interest herein without the prior written consent of the Lender. The Lender shall have the right to assign its rights and obligations hereunder.

### 4.5 Headings

The division of this Agreement into articles, sections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the meaning and interpretation of this Agreement.

### 4.6 Time of the Essence

Time shall be of the essence with respect to the performance by the Borrower of its obligations under this Agreement.

### 4.7 Conflicting Agreements

The Borrower shall not enter into any agreement with respect to the matters described

herein that would impair, conflict with or interfere with the rights held by the Lender.

#### **4.8 Enforceability**

If any one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of such provision(s) in any other jurisdiction and the validity, legality and enforceability of any other provision hereof shall not in any way be affected or impaired.

#### **4.9 Severability**

In the event that in any legal proceedings before a competent tribunal, board or commission in any jurisdiction, it is determined that any paragraph or any part of this Agreement is invalid or unenforceable with respect to any particular transaction or situation, such paragraph or part of this Agreement shall be deemed to be severed from the remainder of this Agreement for the purposes only of the particular legal proceedings in question, and this Agreement shall, in every other aspect, remain in full force and effect.

#### **4.10 Waiver**

No waiver of any term, provision or condition of this Agreement whether express or implied, whether by conduct or otherwise, in any one or more incidences, shall be valid unless the same shall be in writing and any valid written notice shall not be construed as a further or continuing waiver upon its expressed terms.

#### **4.11 Governing Law**

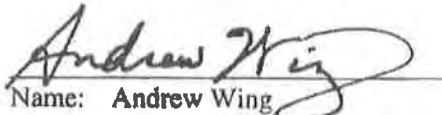
This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

#### **4.12 Counterparts and Execution by Facsimile**

This Agreement may be executed in separate counterparts by the parties and each counterpart shall when executed and delivered be an original document, but all counterparts shall together constitute one and the same instrument. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) shall be treated as originals, fully binding and with full legal force and effect, and the Parties waive any rights they may have to object to such treatment, provided that this treatment shall be without prejudice to the obligation of the Parties to exchange original signatures as quickly as practicable after execution of this Agreement, but failure to do so shall not affect the validity, enforceability or binding affect of this Agreement.

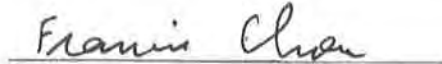
This Agreement has been executed by the Borrower and the Lender on the date first above-mentioned.

**FUEL INDUSTRIES INC.**



Name: Andrew Wing  
Title: Co-Chief Executive Officer

**CHOU ASSOCIATES MANAGEMENT INC.**



Name: Francis Chou  
Title: President

This is Exhibit "J" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**INTELLECTUAL PROPERTY AND SOFTWARE TRANSFER AGREEMENT  
("AGREEMENT")**

WHEREAS, Fuel Industries Inc. is a corporation incorporated under the laws of Ontario, Canada (the "**Assignor**"), the full post office address of whose principal office or place of business is 7 Hinton Avenue North, Suite 100, Ottawa, Ontario, K1Y 4P1;

AND WHEREAS, Fuel Technologies Inc. is a corporation incorporated under the laws of Ontario, Canada (the "**Assignee**"), the full post office address of whose principal office or place of business is 7 Hinton Avenue North, Suite 100, Ottawa, Ontario, K1Y 4P1;

AND WHEREAS Assignor is the owner of the computer software, documentation and code, including assemblers, applets, compilers, source code, source code listings, object code, data (including image and sound data), design tools and user interfaces, in any form or format, however fixed in respect of the Fuel Technology Platform, Fuel Digital Publishing Platform and Fuel Team Engagement Platform products as defined and identified in the attached Schedule "A", excluding any third party software used as a component thereof or development tool (the "**Software**").

AND WHEREAS Assignor is the owner of all intellectual property recognized in law, whether registered, applied for or unregistered including but not limited to all patents, industrial designs, copyrights, the benefit of any waivers of moral rights, trademarks, trade dress, logos, trade names, business names, trade styles, and any other business identifiers, inventions, trade secrets and know-how in respect of the Fuel Technology Platform, Fuel Digital Publishing Platform and Fuel Team Engagement Platform products as defined and identified in the attached Schedule "A" (the "**Intellectual Property**");

AND WHEREAS Assignor wishes assign the Software and Intellectual Property to Assignee and Assignee wishes to acquire the whole right, title and worldwide interest in and to the Software and Intellectual Property;

NOW THEREFORE, in consideration of the sum of Eight Hundred Nine Thousand Five Hundred Canadian Dollars (CDN \$809,500) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor irrevocably sells, assigns and transfers unto Assignee, its successors, assigns or legal representatives, by execution hereof, the whole right, title and worldwide interest for in and to the Software and Intellectual Property, together with the goodwill of any and all business carried on in association with and symbolized by the trademarks forming part of the Intellectual Property, including the right to sue for damages and other remedies in respect of any infringement of the Software or the Intellectual Property prior to the date hereof and the right to apply for and prosecute and obtain patent, design right, copyright or similar protection throughout the world in respect of the Software or the Intellectual Property, the same to be held by Assignee, its successors, assigns or legal representatives, as fully and effectively as they would have been held by Assignor had this sale, assignment and transfer not been made;

AND Assignor shall deliver to Assignee the Software;

AND Assignor confirms that it has waived and does hereby irrevocably waive in favour of the Assignee now and in the future any and all rights in the Intellectual Property which may have accrued to Assignor;

AND Assignor hereby represents and warrants to Assignee that, to its knowledge, all of its employees, contractors, consultants, representatives and agents who participated in the development of the Software and the Intellectual Property have assigned and waived all of their rights in the Software and the Intellectual Property, including but not limited to their moral rights in the Software and the Intellectual Property;

AND except as expressly provided herein, the Software and Intellectual Property is provided by Assignor to Assignee "as is" and without any representations, warranties or conditions of any kind, including any implied warranties or conditions of merchantability, fitness for a particular purpose, validity or non-infringement;

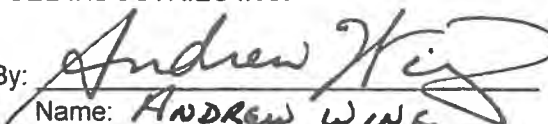
AND Assignor hereby authorizes the issuance of any and all said registrations for the Intellectual Property, not already issued, to Assignee, its successors, assigns or legal representatives;

AND Assignor, on behalf of itself, its successors, assigns and legal representatives, hereby covenants and agrees, without further consideration, to do all such lawful acts and things and to execute such further lawful assignments, documents, assurances, applications and other instruments as reasonably may be required by Assignee, its successors, assigns or legal representatives, to obtain any and all registrations for the Intellectual Property and to vest the same in Assignee, its successors, assigns or legal representatives.

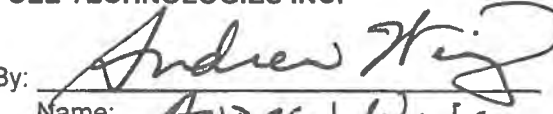
AND Assignor hereby represents and warrants that it has full right to convey the entire interest herein assigned, and that it has not executed, and will not execute, any agreements in conflict herewith.

THIS ASSIGNMENT is effective as of September 1, 2015.

FUEL INDUSTRIES INC.

By:   
Name: ANDREW WING  
Title: CO-CEO

FUEL TECHNOLOGIES INC.

By:   
Name: ANDREW WING  
Title: CO-CEO

**SCHEDULE "A"****PLATFORM DESCRIPTIONS**

This is a description the following platforms:

- Fuel Technology Platform
- Fuel Digital Publishing Platform
- Fuel Team Engagement Platform

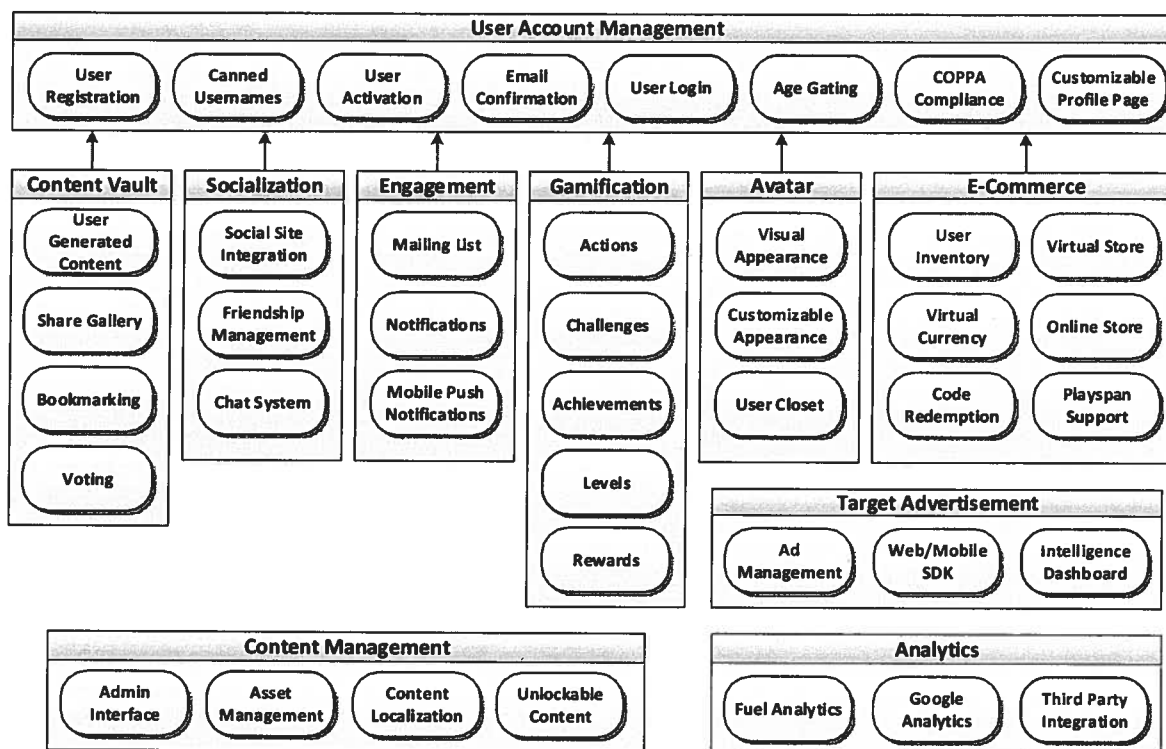
Each section has a comprehensive list of component features accompanied by descriptive text. It should not be treated as a complete functional specification but rather a broad description of modules and their interactions within the system.



## FUEL TECHNOLOGY PLATFORM

The Fuel Technology Platform offers all the necessary components to successfully implement and deploy online and mobile interactive applications with a heavy social component including gamification, monetization and dynamic content management.

Each functional component can be used separately or in combination to deliver the most compelling solution in line with product requirements.



### 1. User Account Management

The User Account Management module supplies basic functionality to register and authenticate users. Once created, users are assigned an identifier that uniquely identifies said user to other modules. The module maintains a set of services that provide users the ability to modify their account information. It can be configured to abide by COPPA requirements including parental verification via email.

#### (a) User Registration

The User Registration module supplies basic functionality to register users. Registration requirements vary from product to product, so the module has been built to allow for a customized set of registration options.

## (b) Canned Usernames

The platform can be configured to use canned usernames that are determined in advance by the site administrators. When registering, the user can select from pull-down options populated by those usernames. The system can be configured to allow the user to combine up to 3 tags which combine with an appended number will serve to create a unique name.

## (c) User Activation

Used in conjunction with Email confirmation, the user activation option requires that a user 'activate' their account through a link provided to them via email. The user must click on the link to activate their account. Until they have activated their newly created account, the account will be granted limited access to application features.

## (d) Email Confirmation

When registering a new user, the module can be configured to require an email confirmation. Email confirmation is used to ensure that a user has given a valid email address. This is often required when an application needs to adhere to many of the child protection laws.

## (e) User Login

Once registered, the User Account Management module serves to authenticate the user through a login mechanism. This authentication is used to confirm a user's identity, and provides the unique user id to the rest of the modules.

## (f) COPPA Compliance and Child Protection Laws

The Children's Online Privacy Protection Act (COPPA) is the protection policies set forth in the USA by the Federal Trade Commission (FTC). Fuel's registration system can be configured to be fully COPPA compliant, according to the most recent laws set forth by the act.

Many countries maintain child protection laws for users who are under the age gate for their country. The majority of times these laws are based around protecting the children's personally identifiable information (PII).

By leveraging geo-IP detection mechanisms, the platform is able to determine the proper age-gate required by the user's country of origin. This is often a requirement if the application needs to comply with various child protection laws.

## (g) Customizable Profile Page

A user's profile page is a space that they can manage and modify to create a customized space to make the site feel unique to their own personal tastes. Profile pages can be set to a variety of privacy options defining who can view the page: 'private', 'friends', 'other users', or 'public'.

## 2. Content Vault

The content vault module is a standalone system that can be used to house and manage all the content of the system. The content vault provides a generic interface that can be used for standard content types such as images or videos, as well as any custom content types specific to the application. It allows the content vault to be utilized by third-party applications to create content on behalf of the user, as well as allowing users to interact with the content through voting systems and bookmarking.

## (a) User Generated Content

A powerful driver of user engagement is the ability for users to generate their own content and share it within the ecosystem. The platform provides a generic interface for users to create content through registered

applications. Those applications can create the content and dictate its usage within the User Generated Content (UGC) module.

(b) **Bookmarking**

The platform offers users the ability to bookmark content. Once bookmarked, a user can quickly return back to that content. A user's bookmarks can be recalled and displayed on the user's profile page.

(c) **Share Gallery**

The platform also provides users with the ability to share their content with others. Shared content can be viewed, voted on, liked, and bookmarked by other users to create a rich and dynamic gallery for the users.

(d) **Voting**

The Fuel platform voting system is similar to many other voting systems available today. It allows registered users to vote on content within the system (typically with a 1-5 value vote) to create an average. Elements are then ranked according to their averages in a leaderboard.

3. **Socialization**

The Socialization module is designed to encourage users to interact with each other. The module provides users with features and abilities to communicate using canned messages, or to interact through various external social media sites.

(a) **Social Site Integration**

Content can be shared to various social sites such as Facebook, Twitter, and Pinterest. Each piece of content within the system, including shared UGC, is given a unique URL which can be used to link directly to the content.

(b) **Friendship Management**

The friendship management module adds the capability of a system to maintain friendship lists. A friendship list is a list of user ids that have been connected via a friendship link. Friendships are constructed through a request/response system between two users. The target of the friendship request must accept the request before the friendship link is made.

(c) **Chat System**

The chat system part of the platform is a canned & localizable system allowing users to interact in a variety of ways. The chat system is customizable based on the requirements of the application. The system allows administrators to define their own pre-canned chat messages (including emotes) which can be interpreted and localized at the client level to allow users who don't speak the same language to communicate.

4. **Engagement**

The Engagement module is used to encourage users to return to the product. The module uses many out-of-application communication mechanisms to encourage a user to engage with the system.

(a) **Mailing List**

The Mailing List module allows a user to sign up for and opt out of a mailing list. The mailing list can then be used to create mailings that are sent out to the users who have opted into the mailing list. The module can be configured to manage multiple mailing lists.

(b) Notifications

In-game notifications can be registered by other modules and queued for later viewing by the user. In-game notifications allow a module to queue a message that they want the user to see, and will show up immediately if the user is already online or be displayed the next time the user visits the application.

(c) Mobile Push Notifications

In addition to in-game notifications, the platform can be configured to send notifications to a user's mobile device. In order to send these notifications the platform requires the collection and confirmation of a user's mobile phone number. Which notifications can be sent to a user's mobile device is also configurable by this module.

5. Gamification

The Gamification module is capable of recording actions taken by the user and applying those actions to administrator defined rules. Those rules dictate things like missions and achievements to create game-based logic and features to drive user engagement into particular areas of the system.

(a) Actions

Actions are the basic building block of the gamification system. An action represents a single reportable operation performed by the user. As users perform actions, the client informs the server about those actions, and the gamification system reacts according to the configuration defined by the administrator.

(b) Challenges

A challenge represents the interactions that the administrator wishes the user to perform. These challenges are made up of a set or series of actions that must be performed by the user. Upon performing all required elements users can be given rewards as configured by the administrator. Challenges can be blocked by gating factors set by the administrator.

(c) Achievements

Achievements, sometimes called badges, are a type of reward that can be given to a user. Users earn achievements for performing the various challenges associated to them. Users often use achievements as a way of measuring their competence and completion of a product.

(d) Levels

Levels are an optional piece of gamification, and represent how much a user has interacted with the system. Challenges can be configured to award the user experience points, which indirectly translate into levels based on pre-defined plateaus.

(e) Rewards

As challenges are completed, users can be given rewards for the completion of those challenges. These rewards can include achievements (badges), virtual currency, in-game items or more.

6. Avatar

A user's avatar is a representation of themselves within the application. Avatars are usually used in conjunction with a virtual store to allow users to purchase and customize their avatar with various cosmetic avatar items. A user's avatar can generally be seen by other users within the system.

## (a) Visual Appearance

The avatar system is built using a fully functional rendering client. The user interacts with the client to create a customized avatar that they feel best represents themselves. The model created by the avatar system can be exported for external use (on a web page for example).

## (b) Customizable Appearance

With the ability to customize their avatar, users are encouraged to continue their journey within the system. A customized avatar that can be displayed to other users within the system which promotes socialization and confidence. The user is made to feel like they are part of the world, and that their actions within the world matter.

## (c) User Closet

The avatar module allows the user to create a customized avatar according to any of the items available to them through their closet. The closet provides the user with a vast array of options and inventories that empower the user's creative side and encourage them to play with the system. The closet can be connected to the E-Commerce module to provide additional functionality through a virtual store and currency.

## 7. E-Commerce

The e-commerce module provides store functionality to the product for virtual or real-world goods. It also includes currencies and currency management. The stores are configured with purchasable items, managed by the application administrator. When users make purchases through the stores, the history of these purchases is maintained inside this module.

## (a) User Inventory

As users make purchases they create an inventory of items they have purchased. Those inventory items are stored by the platform and can be accessed when required by other modules.

## (b) Virtual Store

The virtual store allows users to purchase in-game items using in-game currency. The store items are managed through content management as part of the asset management interface and each purchased item becomes part of the user's inventory.

## (c) Virtual Currency

The Fuel platform offers virtual currency systems allowing users to earn and spend those currencies through the various modules built into the platform. The usage of these currencies is dependent upon the modules installed, and the requirements of the application.

## (d) Online Store

The online store within the platform allows users to purchase items, including real world items, for real world currency. These items can either be given out through redemption codes, or directly handled through a fulfillment agency. Virtual items purchased through the online store can be automatically assigned to the user within the system.

## (e) Code Redemption

The platform offers administrators the option to configure content to be awarded through redeemable codes. Codes can also be given out as rewards to be redeemed by third party fulfillment agencies.

(f) Playspan Support

Playspan is a monetization technology that provides a full suite of payment options for developers. The platform has optional support for Playspan, and can be configured to use Playspan as the primary payment provider.

8. Content Management

The content management module presents the administrators with an interface to create / delete / modify content available to the system. It amalgamates each modules individual CMS tool to create a single administrative interface.

(a) Admin Interface

The administrative interface is used to manage all of the dynamic content within the system. All of the modules within the system integrate into the administrative interface to allow administrators to provide more content to their users.

(b) Asset Management

All dynamic assets can be managed through the administrative interface. New content can easily be added to keep the application fresh and increase user retention.

(c) Content Localization

The platform supports a wide variety of languages and locales, and this support is built into the administrative interface. The administrative interfaces allows the admin the power to override settings and values of content based on a user's locale.

(d) Unlockable Content

Content can be marked as unlockable by the administrator, indicating that the content will not be available to users until they perform certain actions. Once a user has performed the action, the content can be made available to the user. This availability may be through the store which would require the user to purchase the item, or it may immediately be given to the user.

9. Target Advertisement

The target advertisement module allows web and mobile applications to dynamically access and display promotional material for marketing and cross sell purposes. It is offered as unobtrusive content through easy SDK integration into any type of web or mobile application.

(a) Ad Management

This administrative interface allows upload of art assets and setting parameters for advertisement dissemination based on geographical location, break dates and custom tags identifying particular campaigns or target applications.

(b) WEB and Mobile SDK

These SDK's offer a simple integration mechanism to supply applications with art asset materials corresponding to targeted advertisement campaigns.

(c) Intelligence Dashboard

Included with the Target Advertisement module is the ad intelligence dashboard. This web interface allows an administrator to quickly assess how well a campaign is performing with up-to-date analytics. The dashboard provides common metrics, and insights that have been pre-configured to create a simple and friendly administrative interface.

10. Analytics

Analytics is the collection of user data which can be used to evaluate how users are interacting with the system. The platform offers integration with multiple analytics solutions, including Fuel's own custom analytics platform.

(a) Fuel Analytics

Fuel's Analytics system provides a wide variety of features found to be necessary, but lacking in other provider's solutions. Analytics are used to anonymously record actions taken by users and to use those recorded actions to drive data-oriented changes through the system.

(b) Third Party Integration

The Analytics module allows for any analytic event to be sent to third party analytics providers. It can be used in conjunction with any third party provider to increase the range of insights available to your team.

(i) Google Analytics

One of the most ubiquitous analytics solutions is Google Analytics (<http://www.google.com/analytics/>).

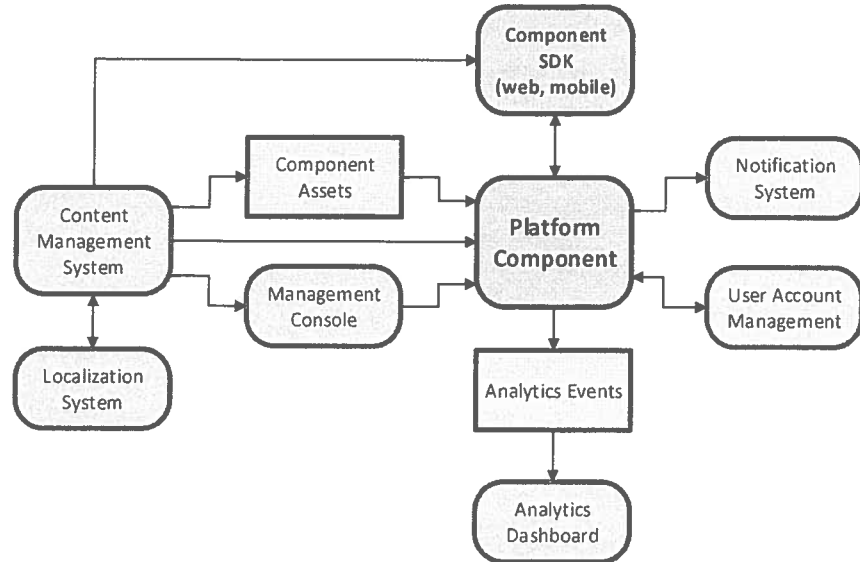
(ii) Tealium Integration

Tealium (<https://my.tealiumiq.com/>) is a tag management system that allows developers to send analytics events (tags) to a variety of analytics endpoints. The Fuel platform can be configured to send events to a Tealium instance to support the marketing needs of the product.

(iii) Kontagent Integration

Kontagent is an analytics product made by Upsight (<http://www.upsight.com/analytics/>). Although primarily targeted towards mobile apps and devices, Kontagent does support server analytic events.

11. Technology Platform Module Integration



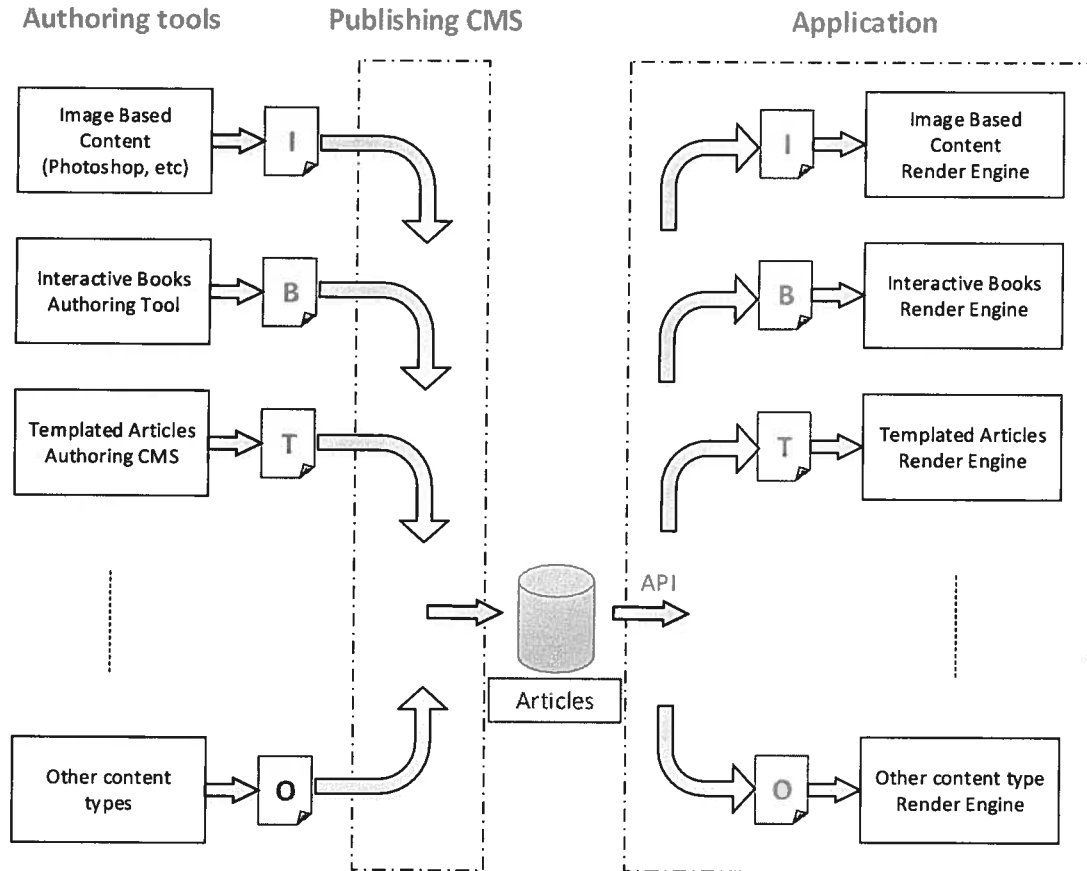
External Applications access component features through various APIs. Each platform component also interacts with other system components to acquire assets, send notifications, generate analytic events and manage user data. These connection points are easily managed within the system through a set of business logic exposed by internal APIs.



## FUEL DIGITAL PUBLISHING PLATFORM

The Digital Publishing Platform is a component based system built alongside the Fuel Technology Platform for creating, managing and distributing digital content packaged in the form of articles. Many features from the Technology Platform are used within the Publishing Platform to transform the system in a complete offering including registration, social engagement and gamification.

The Digital Publishing Platform supports different types of content each with their own corresponding set of authoring tool and render engine as depicted in the following diagram:



- The Publishing CMS will handle all content submission generically with a set of attributes identifying the content type, thumbnail, publishing parameters and filter tags.
- Each content type will have its own authoring tool independent of the Publishing CMS for creating content and packaging the content data into a file to be submitted for publishing.
- As the application loads the content through the network API calls it will determine which render engine to use based on content type identifiers.
- Abstraction of the content format itself from the Publishing CMS allows us the opportunity to add more content types without having to modify the fundamental architecture of the Publishing Platform or the API.

### 12. Content Types Currently Supported

#### (a) Images

Articles within the system can take the shape of a simple image being distributed for display within the host application.

#### (b) Templated Articles

Informational articles are built around templates as defined within the content creation tools. These templates support various configurations of text, images and videos.

(c) Videos

Streamed video can be provided as standalone content articles through a custom hosted video system and/or YouTube.

(d) Quiz / Survey / Poll type articles

A set of tools is provided to quickly assemble quizzes, surveys and polls. Results are tracked, compiled and pushed back to the application for user consumption.

(e) Interactive books

The Interactive Book Creation Platform is a set of tools to create, edit and render compelling digital interactive books for all ages. It includes a book editor for assembling interactive components within a book style interface complete with book cover, page turning, voice over reading and a plethora of interactivity within each individual page. Each book becomes a standalone package delivered to the render engine for playback on popular handheld devices.

## FUEL TEAM ENGAGEMENT PLATFORM

The Fuel Team Engagement Platform is a digital toolset that includes an App, Mobile Web platform, and Corporate Admin Tools that allow retail brands to engage their front-line staff with a full-suite of features to impact sales, customer satisfaction, and team loyalty and retention.

Although centered on the gamification module the Fuel Team Engagement Platform is an augmented aggregate of a subset of Fuel Technology Platform components integrated to provide a loyalty rewards program to business teams.

The basis for the reward centric engagement system is the following:

1. Actions determine Achievements
2. Achievements grant rewards
3. Rewards purchase goods

The system allows us to

1. Define actions (external events or simple reporting)
2. Determine what set of actions are required for a particular achievement
3. Determine what rewards correspond to achievements
4. Manage a virtual (or physical) goods store

The system offers

1. User management
2. Gamification management
3. Virtual goods management
4. Survey components
5. Training components
6. Management tools
7. Dashboards

To accomplish this, the system is architected with the following Fuel Technology Platform components

1. User Registration System
2. Virtual Store
3. Notification System
4. Content Management System (CMS) to manage the
  - a. Gamification components
  - b. Virtual goods
  - c. Dashboards
  - d. Surveys
  - e. Training Modules
5. An Administration Console to manage
  - a. User Profiles
  - b. Team Structure

Additionally, it contains the following components

1. A Survey System
2. A Training System
3. Dashboards to view
  - a. User profiles and activities
  - b. Users Achievements
  - c. Teams Achievements
  - d. System wide leaderboards
  - e. Survey results
  - f. Training status
  - g. General Analytics
  - h. An API to link to third party systems (ERP, etc)

This is Exhibit "K" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**GUARANTEE AND INDEMNITY AGREEMENT**  
**(given by a Corporation)**

**WHEREAS Fuel Industries Inc.** (the "Debtor") is now indebted or liable and may hereafter become further indebted or liable to **Chou Associates Management Inc.** (the "Creditor");

**AND WHEREAS Fuel Technologies Inc.** (the "Guarantor") has agreed to guarantee the Obligations (as hereinafter defined) of the Debtor to the Creditor;

**NOW THEREFORE** for good and valuable consideration including payment to the Guarantor of the sum of ten dollars, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees with the Creditor as follows:

**Guarantee**

1. The Guarantor hereby unconditionally guarantees payment and performance to the Creditor, forthwith on demand by the Creditor, of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Creditor by the Debtor, whether incurred by the Debtor alone or jointly with any other person or persons, or otherwise howsoever (collectively, the "Obligations"). Without limiting the generality of the foregoing, "Obligations" shall include all principal, interest, fees, expenses and other amounts now or hereafter owing by the Debtor to the Creditor, the Debtor's indemnity obligations to the Creditor with respect to any letters of credit or bankers' acceptances issued or accepted by the Creditor for the Debtor's account, all obligations of the Debtor under any credit agreement or other agreement in effect between the Debtor and the Creditor from time to time, and all obligations of the Debtor pursuant to guarantees provided by the Debtor to the Creditor in connection with the obligations of other persons. This guarantee shall be a continuing guarantee and shall guarantee the Obligations and any ultimate balance thereof, notwithstanding that the Debtor may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations.

**Indemnity**

2. In addition to the guarantee provided in section 1, and as a separate and distinct obligation, the Guarantor hereby agrees to indemnify and save harmless the Creditor, forthwith on demand by the Creditor, from and against any and all direct and indirect claims, demands, losses, damages, liabilities, charges, obligations, payments and expenses of any nature or kind, howsoever or whenever arising, which the Creditor may suffer or incur in any way relating to or arising from:
  - (a) the failure of the Debtor to pay and satisfy the Obligations; or
  - (b) the Obligations or any agreement creating or relating to any or all Obligations in any way being or becoming for any reason whatsoever, in whole or in part, void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable or released or discharged by operation of law or otherwise;

provided that any payment actually made by the Guarantor to the Creditor under section 1 shall reduce the liability of the Guarantor under this section 2 by the same amount.

### **Limitation of Liability**

3. The liability of the Guarantor under this agreement is unlimited.

### **Interest after Demand**

4. The Guarantor shall pay to the Creditor interest on all amounts owing by the Guarantor pursuant to this agreement accruing from the date the Creditor demands payment pursuant to this agreement at the highest rate applicable from time to time to any of the Obligations. Such interest shall be calculated and payable monthly not in advance both before and after judgment on the first day of each month after such demand.

### **Determination of Liability for Future Advances**

5. The Obligations herein guaranteed shall not include any voluntary advances made by the Creditor to the Debtor after the date (the "Determination Date") which is ninety days following the date of receipt by the Creditor of written notice from the Guarantor advising that the Guarantor shall not be responsible for such advances. As used herein, "voluntary advances" excludes advances made by the Creditor to or for the benefit of the Debtor which the Creditor is required to make as a result of a commitment given prior to the Determination Date to the Debtor or another person, including, without limitation, any payment by the Creditor under a letter of credit issued or a bankers' acceptance accepted by the Creditor for the account of the Debtor. For greater certainty, the Obligations herein guaranteed shall continue to include all obligations of the Debtor to the Creditor in existence on the Determination Date, including, but not limited to, contingent obligations of the Debtor arising under guarantees provided by the Debtor in respect of the obligations of others, even though such contingent obligations may mature and be payable by the Debtor to the Creditor after the Determination Date, and even though the ultimate liability of the Debtor in respect of such contingent obligations may exceed the Debtor's contingent liability thereunder on the Determination Date.

### **Debtor's Status and Authority**

6. All monies, advances, renewals or credits in fact borrowed or obtained from the Creditor by the Debtor or by persons purporting to act on behalf of the Debtor shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of status or power, any incapacity or disability of the Debtor or its directors, officers, employees or agents, or that the Debtor may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Debtor is in excess of the powers of the Debtor or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Creditor has no obligation to enquire into the powers of the Debtor or any of its directors, officers, employees or agents acting or purporting to act on its behalf, and shall be entitled to rely on this provision notwithstanding any actual or imputed knowledge regarding any of the foregoing matters.

**Liability Unaffected by Certain Matters**

7. The liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by:
- (a) the lack of validity or enforceability of the Obligations in whole or in part for any reason whatsoever, including without limitation by reason of prescription, by operation of law or as a result of any applicable statute, law or regulation;
  - (b) any prohibition or restriction imposed in respect of any rights or remedies of the Creditor in respect of any Obligations, including without limitation any court order which purports to prohibit or suspend the acceleration of the time for payment of any Obligations, the payment by the Debtor of any Obligations or the rights or remedies of the Creditor against the Debtor in respect of any Obligations;
  - (c) the lack of validity or enforceability in whole or in part of:
    - (i) any credit agreement or any other agreement made from time to time between the Debtor and the Creditor in connection with any Obligations;
    - (ii) any security given by the Debtor in favour of the Creditor from time to time in connection with any Obligations;
    - (iii) any guarantee given by any person in favour of the Creditor from time to time in connection with or relating to any Obligations; or
    - (iv) any security given by any such guarantor in favour of the Creditor from time to time in connection with any of its obligations to the Creditor,(collectively, the "Credit Documents");
  - (d) any change in the corporate existence, structure, ownership or control of the Debtor (including any of the foregoing arising from any merger, consolidation, amalgamation, reorganization or similar transaction); any change in the name, objects, capital stock, constating documents or by-laws of the Debtor; or the dissolution, winding-up, liquidation or other distribution of the assets of the Debtor, whether voluntary or otherwise;
  - (e) the Debtor's becoming insolvent or bankrupt or subject to any proceeding under the provisions of the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)*, the arrangement provisions of applicable corporate legislation, any legislation similar to the foregoing in any other jurisdiction, or any legislation enacted substantially in replacement of any of the foregoing, or the Creditor's voting in favour of any proposal, arrangement or compromise in connection with any of the foregoing;
  - (f) the failure or neglect of the Creditor to demand payment of Obligations by the Debtor, any guarantor of Obligations or any other person;

- (g) the valuation by the Creditor of any security held in respect of the Obligations, which shall not be considered as a purchase of such security or as payment on account of the Obligations;
- (h) any right or alleged right of set-off, combination of accounts, counterclaim, appropriation or application or any claim or demand that the Debtor or the Guarantor may have or may allege to have against the Creditor; or
- (i) any other circumstances which might otherwise constitute a legal or equitable defence available to, or complete or partial discharge of, the Debtor in respect of the Obligations or of the Guarantor in respect of this agreement.

**Liability Unaffected by Actions of Creditor**

8. The liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by anything done, suffered or permitted by the Creditor in connection with the Debtor, or any Obligations. For greater certainty and without limiting the generality of the foregoing, without releasing, discharging, limiting or otherwise affecting in whole or in part the liability of the Guarantor under this agreement, and without notice to or the consent of the Guarantor, the Creditor may from time to time:
- (a) make advances and extend credit to the Debtor (including new loans and credit facilities, whether in addition to or in replacement for other loans and credit facilities previously established by the Creditor for the Debtor), convert revolving lines of credit to non-revolving lines of credit, increase or decrease the amount of credit available to the Debtor and receive payments in respect of the Obligations;
  - (b) increase the interest rates, fees and charges applicable to all or any portion of the Obligations from time to time;
  - (c) amend, renew, waive, release or terminate any Credit Document or any provisions thereof in whole or in part from time to time (including, without limitation, any provisions relating to interest rates, fees, margin requirements, conditions for the extension of credit and the determination of the amount of credit available, positive and negative covenants, payment provisions, the application of payments received by or on behalf of the Debtor, and events of default);
  - (d) extend, renew, settle, compromise, waive, release or terminate the Obligations in whole or in part from time to time;
  - (e) grant time, renewals, extensions, indulgences, releases and discharges to the Debtor;
  - (f) take, refrain from taking or release guarantees from other persons in respect of Obligations;



- (g) accept compromises or arrangements from the Debtor, any guarantor of Obligations or any other person;
- (h) refrain from demanding payment from or exercising any rights or remedies in respect of the Debtor or any guarantor of Obligations;
- (i) apply all monies received from the Debtor, any guarantor of the Debtor or any other person or from the proceeds of any security to pay such part of the Obligations as the Creditor may see fit, or change any such application in whole or in part from time to time, notwithstanding any direction which may be given regarding application of such monies by the Debtor, any guarantor of the Debtor or any other person; and
- (j) otherwise deal with the Debtor, any guarantor of Obligations or any other person and any security held by the Creditor in respect of Obligations, as the Creditor may see fit in its absolute discretion.

**Liability Unaffected by Failure of Creditor to Take, Hold or Enforce Security**

9. The Guarantor agrees that the Guarantor has provided this agreement to the Creditor on the express understanding that the Creditor has no obligation to obtain any security from the Debtor or from others to secure payment or performance of any Obligations; and if the Creditor in its absolute discretion obtains any such security from the Debtor or others, the Creditor shall have no obligation to continue to hold such security or to enforce such security. The Guarantor shall not be entitled to rely on or benefit from, directly or indirectly, any such security which the Creditor may obtain. In furtherance of the foregoing, the liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by:
- (a) the loss of or failure by the Creditor to register, perfect or maintain any security given by the Debtor or by other persons in respect of Obligations, whether intentionally or through failure, neglect or otherwise;
  - (b) the failure or neglect of the Creditor to enforce any security held in respect of the Debtor or in respect of any guarantor of Obligations;
  - (c) the Creditor's having released, discharged, compromised or otherwise dealt with any such security in any manner whatsoever (and for greater certainty the Creditor shall not be bound to exhaust its recourse against the Debtor, guarantors of the Debtor or other persons or enforce any security held in respect of Obligations or take any other action or legal proceeding before being entitled to payment from the Guarantor under this agreement, and the Guarantor hereby waives all benefits of discussion and division); or
  - (d) the enforcement by the Creditor of any such security in an improvident or commercially unreasonable manner (including the sale or other disposition of any assets encumbered by such security at less than the fair market value thereof) whether as a result of negligence, recklessness or wilful action or inaction on the

part of the Creditor or otherwise, and regardless of any duty which the Creditor might have to the Debtor under applicable law (including applicable personal property security legislation) in respect of the enforcement of any such security.

#### **Accounts Settled**

10. The records of the Creditor as to the unpaid balance of the Obligations due to it at any time shall constitute conclusive evidence that the said amount is so due, in the absence of manifest error.

#### **Waivers**

11. No delay on the part of the Creditor in exercising any of its options, powers, rights or remedies, or any partial or single exercise thereof, shall constitute a waiver thereof. No waiver, modification or amendment of this agreement or of any such options, powers, rights or remedies shall be deemed to have been made unless made in writing and signed by an authorized officer of the Creditor, and any such waiver shall apply only with respect to the specific instance involved, and shall not impair the rights of the Creditor or the liability of the Guarantor hereunder in any other respect or at any other time.

#### **Foreign Currency Obligations**

12. The Guarantor shall make payment to the Creditor hereunder in the same currency as is required to be paid by the Debtor to the Creditor in respect of the Obligations (the "Required Currency"). If the Guarantor makes payment to the Creditor hereunder in any other currency (the "Payment Currency"), such payment shall constitute satisfaction of the said liability of the Guarantor hereunder only to the extent that the Creditor is able to purchase Required Currency with the amount of the Payment Currency received from the Guarantor on the date of receipt, in accordance with the Creditor's normal practice; and the Guarantor shall remain liable to the Creditor for any deficiency together with interest thereon payable pursuant to section 4.

#### **Withholding Taxes**

13. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future tax imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment or any other jurisdiction, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is required by law, the Guarantor shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay to the Creditor such additional amount as may be necessary to ensure that the net amount actually received by the Creditor (after payment of such taxes including any taxes on such additional amount paid) is equivalent to the amount which the Creditor would have received if no amounts had been withheld.

**Representations and Warranties**

14. The Guarantor represents and warrants to the Creditor as follows, and acknowledges that the Creditor is relying on such representations and warranties as a basis for extending and maintaining the extension of credit to the Debtor:
- (a) the Guarantor is duly incorporated, existing and in good standing under the laws of its jurisdiction of incorporation; it has full corporate power, authority and capacity to enter into and perform its obligations hereunder; all necessary action has been taken by its directors or shareholders and otherwise to authorize the execution and delivery of this agreement and the performance of its obligations hereunder; the Guarantor has, to the extent required by law, disclosed to its shareholders all information required with respect to the delivery of this agreement; there is no provision in any unanimous shareholder agreement which restricts or limits its powers to enter into or perform its obligations under this agreement; and none of the execution or delivery of this agreement, or compliance with the provisions of this agreement conflicts with, or results in a breach of its charter documents or by-laws; and
  - (b) none of the execution or delivery of this agreement, or compliance by the Guarantor with the provisions of this agreement conflicts with or results in a breach of any agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of the Guarantor's assets are bound or affected, or requires the consent of any other person (other than any consents which have been obtained).

**Revival of Indebtedness and Liability**

15. If at any time all or any part of any payment previously applied by the Creditor to any portion of the Obligations is rescinded or returned by the Creditor for any reason whatsoever, whether voluntarily or involuntarily (including, without limitation, as a result of or in connection with the insolvency, bankruptcy or reorganization of the Debtor or the Guarantor, or any allegation that the Creditor received a payment in the nature of a preference), then to the extent that such payment is rescinded or returned, such portion of the Obligations shall be deemed to have continued in existence notwithstanding such initial application, and this agreement shall continue to be effective or be reinstated, as the case may be, as to such portion of the Obligations as though such payment had not been made.

**Postponement of Indebtedness and Subordination of Security**

16. Payment of all present and future indebtedness, liabilities and obligations of the Debtor to the Guarantor (the "Postponed Indebtedness") is hereby postponed to payment and performance of all Obligations. The Guarantor agrees that the Guarantor shall not, except to the extent consented to by the Creditor in writing, receive any payment of principal, interest or any other amount in respect of any Postponed Indebtedness until all Obligations have been paid and satisfied in full. If any portion of the Postponed Indebtedness is paid in contravention of this agreement, the Guarantor shall hold such

amount in trust for the Creditor and immediately pay such amount to the Creditor. If the Guarantor now or in the future holds any security for payment of any Postponed Indebtedness (the "Postponed Security"), the Postponed Security and the security interests constituted thereby are hereby postponed and subordinated to all present and future security and security interests held by the Creditor in respect of any Obligations, notwithstanding the order of execution, delivery, registration or perfection of such security or security interests, the order of advancement of funds, the order of crystallization of security, or any other matter which may affect the relative priorities of such security or security interests. The Guarantor shall not initiate or take any action to enforce the Postponed Security without the prior written consent of the Creditor. The Guarantor shall, promptly at the Creditor's request, deliver to the Creditor, in form and substance satisfactory to the Creditor, an assignment by the Guarantor to the Creditor of all Postponed Indebtedness and Postponed Security as security for the Guarantor's obligations to the Creditor pursuant to this agreement.

#### **Restrictions on Right of Subrogation**

17. The Guarantor agrees not to exercise or enforce any right of indemnity, exoneration, contribution, reimbursement, recourse or subrogation against the Debtor or any other guarantor of Obligations, or as to any security therefor, unless and until all Obligations have been paid and satisfied in full and the Creditor has no further obligation to extend credit to the Debtor. The Guarantor shall have no right to be subrogated hereunder unless:
- (a) the Guarantor has paid to the Creditor an amount equivalent to all Obligations together with all interest, expenses and other amounts due hereunder;
  - (b) any other person having a potential right of subrogation has waived such right and consented to the assignment by the Creditor to the Guarantor of the Obligations and any security held by the Creditor;
  - (c) the Creditor has received from the Debtor a release of all claims which the Debtor may have against the Creditor, including any obligation to grant additional credit to the Debtor;
  - (d) the Guarantor has executed and delivered to the Creditor a release of any claims which the Guarantor may have against the Creditor in respect of the Obligations or this agreement; and
  - (e) if required by the Creditor, three months shall have elapsed from the time of the last payment made by the Debtor to the Creditor and the last payment made by the Guarantor to the Creditor hereunder.

The Guarantor shall cause all such documents to be in form and substance satisfactory to the Creditor. Any such assignment of loans and security by the Creditor to the Guarantor shall be on an "as is, where is" basis without representations, warranties or conditions, and without recourse to the Creditor.

**Expenses**

18. The Guarantor agrees to pay to the Creditor, forthwith on demand by the Creditor, all expenses (including legal fees on a solicitor and his own client basis) incurred by the Creditor in connection with the preservation or enforcement of any of the Creditor's rights and remedies hereunder, together with interest thereon calculated and compounded at the rate provided in section 4.

**Additional Guarantee**

19. This agreement is in addition to and not in substitution for any other guarantees or agreements which may have previously been given to the Creditor by the Guarantor in connection with the Debtor or any Obligations, and is in addition to and without prejudice to any security or guarantee now or hereafter held by the Creditor in respect of any Obligations, and any other rights or remedies which the Creditor might have.

**Combination of Accounts and Set-Off**

20. The Creditor may from time to time combine accounts and set off and apply any liabilities it may have to the Guarantor (including liabilities in respect of any monies deposited by the Guarantor with the Creditor) against any and all of the obligations of the Guarantor to the Creditor now or hereafter existing under this agreement, whether or not the Creditor has made any demand hereunder and whether or not any of such obligations may be unliquidated, contingent or unmatured.

**Notice**

21. Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by prepaid courier or sent by fax or other direct written electronic means, to the address of the addressee noted on the last page or pages of this agreement. Any notice, demand or other communication so given prior to 5:00 p.m. (Toronto time) on a Business Day by personal delivery or by fax shall be deemed to have been given, received and made on such Business Day and if so given after 5:00 p.m. (Toronto time) on a Business Day or on a day which is not a Business Day, such notice, demand or other communication shall be deemed to have been given, received and made on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner. "Business Day" means a day (other than a Saturday or Sunday) on which banks are generally open for business in the jurisdiction of the intended recipient.

**Severability**

22. If any provision of this agreement shall be invalid or unenforceable, all other provisions hereof shall remain in full force and effect and all changes rendered necessary by the context shall be deemed to have been made.

**Interpretation**

23. This agreement shall be construed as if all changes in grammar, number and gender rendered necessary by the context have been made. As used in this agreement, "person" includes an individual, corporation, partnership, joint venture, trust, unincorporated association or any government, crown corporation or governmental agency or authority or any combination of the foregoing.

**Merger of Debtor**

24. In this agreement, "Merger" in respect of two or more corporations means an amalgamation of such corporations, the transfer of the assets of one corporation to another in connection the dissolution of the first-mentioned corporation, the transfer of substantially all of the businesses and assets of one corporation to another pursuant to plan of arrangement or court order, or any other corporate reorganization or transaction with similar effect to any of the foregoing; the corporations involved in a Merger are herein referred to as the "Merging Entities"; and the corporation resulting from a Merger is herein referred to as the "Merged Entity". If the Debtor effects a Merger with any other corporation or corporations, the Guarantor agrees that the Obligations shall include:
- (a) all obligations of each Merging Entity to the Creditor in existence at the time of such Merger; and
  - (b) all obligations of the Merged Entity to the Creditor at the time of such merger or incurred or arising from time to time after such Merger.

After such Merger, all references herein to the "Debtor" shall mean the Merged Entity, and all other provisions of this agreement shall be deemed to have been amended to the extent required by the context in order to reflect such Merger.

**Further Assurances**

25. The Guarantor agrees, at the Guarantor's own expense, to promptly execute and deliver or cause to be executed and delivered to the Creditor, upon the Creditor's request from time to time, all such other and further documents, agreements, opinions, certificates and instruments as are required under this agreement or as may be reasonably requested by the Creditor if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

**Entire agreement; Amendments; Conclusive Delivery**

26. This agreement constitutes the entire agreement between the Guarantor and the Creditor relating to the subject matter hereof, and no amendment of this agreement shall be effective unless made in writing and executed by the Guarantor and the Creditor. Possession by the Creditor of an original executed copy of this agreement shall constitute conclusive evidence that:
- (a) this agreement was executed and delivered by the Guarantor to the Creditor free of all conditions;

- (b) there is no agreement or understanding between the Creditor and the Guarantor that this agreement was delivered in escrow or is not intended to be effective until the occurrence of any event or the satisfaction of any condition;
- (c) the Creditor has not made any representation, warranty, statement or promise to the Guarantor regarding the Debtor, the Creditor's intention to obtain any security in respect of Obligations or guarantees from other persons in respect of Obligations, the circumstances under which the Creditor may enforce this agreement, the manner in which the Creditor might enforce this agreement or any other matter which might conflict with any provision expressly set out herein; and
- (d) there is no representation, warranty, statement, promise, understanding, condition or collateral agreement between the Creditor and the Guarantor relating to this agreement or the subject matter of this agreement, other than as expressly set out herein.

#### **Governing Law**

27. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Without prejudice to the right of the Creditor to commence any proceedings with respect to this agreement in any other proper jurisdiction, the Guarantor hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

#### **Successors and Assigns**

28. This agreement shall enure to the benefit of the Creditor and its successors and assigns, and shall be binding on the Guarantor and its successors and assigns; "successors" includes any Merged Entity resulting from the Merger of a corporation with any other corporation. Without limiting the generality of the foregoing, if the Creditor assigns or transfers all or any portion of the Obligations and this agreement or any interest therein to any other person, such person shall thereafter be entitled to the benefit of this agreement to the extent of the interest so transferred or assigned, and the Obligations or portion thereof or interest therein so transferred or assigned shall be and shall remain part of the "Obligations" hereunder.

#### **Legal Advice**

29. The Guarantor acknowledges that the Guarantor has had ample opportunity to review and consider this agreement, fully understands the provisions hereof and has received legal advice from the Guarantor's solicitors in connection with this agreement.

#### **Waiver of Limitation Period**

30. The Guarantor agrees that all limitation periods established by the *Limitations Act*, 2002 (Ontario) are hereby excluded and shall not apply to this agreement, other than the ultimate 15-year limitation period established by such statute. The Guarantor agrees that

this agreement constitutes a "business agreement" as such term is defined by such statute.

**Receipt of Copy of agreement**

31. The Guarantor hereby acknowledges receipt of a copy of this agreement.

IN WITNESS WHEREOF this agreement has been executed and delivered by the Guarantor this 24<sup>th</sup> day of August, 2015.

**FUEL TECHNOLOGIES INC.**

By: 

Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the Corporation

Guarantor's Address for Service:

7 Hinton Avenue North, Suite 100  
Ottawa, ON K1Y 4P1

Attention: Andrew Wing  
Email: [awing@fuelyouth.com](mailto:awing@fuelyouth.com)

Creditor's Address for Service:

110 Sheppard Avenue East, Suite 301, Box 18  
Toronto, ON M2N 6Y8

Attention: Francis Chou  
Fax No.: [fchou@choufunds.com](mailto:fchou@choufunds.com)



This is Exhibit "L" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**GENERAL SECURITY AGREEMENT**

THIS AGREEMENT is dated as of 24<sup>th</sup> day of August, 2015.

**BETWEEN:**

**FUEL TECHNOLOGIES INC.,**  
a corporation existing under the laws  
of the Province of Ontario  
(the "Guarantor")

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**  
a corporation existing under the laws  
of the Province of Ontario  
(the "Lender")

**OF THE SECOND PART**

**WHEREAS** Fuel Industries Inc. (the "Borrower") is indebted to the Lender in the principal amount of \$7,500,000 together with interest thereon (the "Loan") as evidenced by a promissory note (the "Note") dated as of February 9, 2015 pursuant to the terms and conditions of a loan agreement dated as of February 9, 2015 between the Borrower and the Lender (the "Original Loan Agreement");

**AND WHEREAS** by an amendment to loan agreement dated as of the date hereof (together with the Original Loan Agreement, the "Loan Agreement"), the Guarantor has agreed to execute and deliver an unlimited corporate guarantee and indemnity in favour of the Lender in respect of all Obligations of the Borrower to the Lender (the "Guarantee"), to be supported by a general security agreement creating a Lien on all present and after acquired assets, property and undertaking of the Guarantor to secure the obligations of the Guarantor the Lender under the Guarantee;

**AND WHEREAS** the Guarantor has agreed to execute and deliver this Agreement to the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Loan Agreement and the Note, as applicable.

In this Agreement, an "Event of Default" shall mean and shall have occurred:

- (a) if an Event of Default has occurred with respect to the Borrower under the Loan Agreement;
- (b) if the Guarantor defaults in the performance of any covenant or other obligation contained herein, and such default shall continue unremedied for 10 days from the earlier to occur of (i) the Lender providing notice to the Guarantor of such default or (ii) the Guarantor becoming aware of such default;
- (c) if any representation or warranty made or deemed to be made by the Guarantor under any loan document executed and delivered by the Guarantor to the Lender should prove to be false or misleading in any material respect when given or deemed to be given in accordance with the provisions thereof;
- (d) if an Event of Insolvency occurs in respect of the Guarantor;
- (e) if an encumbrancer takes possession of any material property or assets of the Guarantor, or if a distress or execution or any similar process is levied or enforced against any of its material property or assets and remains unsatisfied for such period as would permit such property, assets or any part thereof to be sold thereunder, provided that such possession or process has not been stayed and is not being contested in good faith by the Guarantor;
- (f) if the Guarantee or this Agreement ceases to be enforceable in accordance with its terms;
- (g) if a judgment or order for payment of monies in excess of \$200,000 shall be rendered against the Guarantor and is not paid or permanently stayed within 45 days after it has been rendered; or
- (h) if any report of or opinion by the auditors of the Guarantor in respect of any financial statements of the Guarantor contains any qualification which, in the reasonable opinion of the Lender, relates to a matter which materially adversely affects the creditworthiness of the Guarantor.

**ARTICLE 2**  
**GRANT OF SECURITY INTEREST**

**2.1 Obligations Secured**

The Security Interest (as hereinafter defined) is granted to the Lender by the Guarantor as continuing security for the payment of all present and future indebtedness and liabilities of the Guarantor to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Guarantor to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any

Collateral, whether or not directly relating to the enforcement of this Agreement, the Guarantee or any other loan document (collectively, the "Obligations").

## 2.2 Creation of Security Interest

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

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

- (h) **Money** - all present and future money of the Guarantor, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency ("Money");
- (i) **Securities** - all present and future securities held by the Guarantor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Guarantor in property or in an enterprise or which constitute evidence of an obligation of the issuer, and including an uncertificated security within the meaning of Part VI (Investment Securities) of the Business Corporations Act (Ontario) and all substitutions therefor and dividends and income derived therefrom ("Securities");
- (j) **Documents** - all books, accounts, invoices, letters, papers, documents and other records in any form or medium evidencing or relating to collateral subject to the Security Interest;
- (k) **Real Property** - all real and immovable property, wherever situate, and all buildings, structures, fixtures, hereditaments and appurtenances thereon or relating thereto; and
- (l) **Proceeds** - all personal property in any form derived directly or indirectly from any dealing with collateral subject to the Security Interest or the proceeds therefrom, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom ("Proceeds").

**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of the Guarantor located on or about or in transit to or from the address of the Guarantor set out in this Agreement.

### **ARTICLE 3** **COLLATERAL**

#### **3.1 Attachment**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, the Guarantor will, at the written request and option of the Lender, (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, the Guarantor will (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the

Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

### **3.2 Dealings with Collateral**

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

### **3.3 Notification to Account Borrowers**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to the Guarantor in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

### **3.4 Exception re Leasehold Interests and Contractual Rights**

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

## **ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **4.1 Representations and Warranties**

The Guarantor hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) the Guarantor has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by the Guarantor of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) the Guarantor's registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

### **4.2 Covenants of Guarantor**

The Guarantor covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by the Guarantor to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause approved by the Insurance Bureau of Canada, and the Guarantor agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the Lender with certificates of insurance and certified copies of such policies and to name the Lender as loss payee of such policies;
- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;
- (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
- (f) to deliver to the Lender such information concerning the Collateral or the Guarantor as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of the Guarantor;
- (g) to allow the Lender to have access to all premises of the Guarantor upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Guarantor agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
- (h) at any time while the Obligations are outstanding hereunder, the Guarantor shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
- (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, the Guarantor shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5**

### **ENFORCEMENT AND REMEDIES**

#### **5.1 Enforcement**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

## 5.2 Remedies

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between the Guarantor and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of the Guarantor or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a "Receiver") of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Guarantor; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by law or equity.

## 5.3 Powers of Receiver

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

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



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

#### **5.4 Disposition**

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

#### **5.5 Failure of the Lender to Exercise Remedies**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the borrowers of the Guarantor, the Guarantor and others and with the Accounts as the Lender may see fit, without the prejudice to the liability of the Guarantor or the Lender's right to hold and realize on the Accounts.

#### **5.6 Application of Payments**

All payments made in respect of the Obligations and all monies received by the Lender or any Receiver appointed by the Lender in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be

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

#### **5.7 Dealings by the Lender**

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

### **ARTICLE 6 GENERAL PROVISIONS**

#### **6.1 Notice**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in accordance with the Guarantee.

#### **6.2 Power of Attorney**

The Guarantor hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Guarantor arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Guarantor whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Guarantor or for any other reason.

#### **6.3 Separate Security**

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

#### **6.4 Lender Not Obligated to Advance**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to the Guarantor or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

#### **6.5 Amalgamation of Guarantor**

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

#### **6.6 Amendments**

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

#### **6.7 Waivers**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

#### **6.8 Assignment**

The Lender may from time to time upon notice to, but without the consent of the Guarantor, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the "Assignee"). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. The Guarantor shall not be entitled to assign or transfer this Agreement or any of the Guarantor's rights, duties or obligations hereunder without the prior written consent of the Lender.

#### **6.9 Release and Reconveyance**

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

#### **6.10 Subordination and Letter Agreement**

The Lender acknowledges that its rights hereunder are subject to the subordination and letter agreement between the Lender, Royal Bank of Canada and the Guarantor dated as of the date hereof (the "RBC Agreements") and that the Guarantor's representations, warranties, covenants and agreements hereunder are subject to such RBC Agreements and that any actions or steps taken or omitted to be taken in compliance with the terms of the RBC Agreements and the priorities set out therein shall not be deemed to be an Event of Default under this Agreement.

#### **6.11 Number, Gender and Persons**

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

#### **6.12 Severability**

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

#### **6.13 Successors and Assigns**

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

#### **6.14 Time**

Time shall be of the essence of this Agreement.

#### **6.15 Execution by E-mail**

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

#### **6.16 Governing Law and Attornment**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where the Guarantor has property, the Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

#### **6.17 Entire Agreement**

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

#### **6.18 Further Assurances**

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

**6.19 Set-Off**

The Lender may at any time and from time to time, without notice to the Guarantor or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Guarantor with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to the Guarantor, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.

**6.20 Copy of Agreement**

The Guarantor acknowledges receipt of an executed copy of this Agreement.

*[Remainder of page intentionally left blank]*

This Agreement has been executed by the Lender and the Guarantor on the date first stated above.

**FUEL TECHNOLOGIES INC.**

(Guarantor)

By: Andrew Wing  
Name: Andrew Wing  
Title: Co-Chief Executive Officer  
I have authority to bind the Corporation

**CHOU ASSOCIATES MANAGEMENT INC.**

(Lender)

By: \_\_\_\_\_  
Name: Francis Chou  
Title: President  
I have authority to bind the Corporation

This Agreement has been executed by the Lender and the Guarantor on the date first stated above.

**FUEL TECHNOLOGIES INC.**

(Guarantor)

By: \_\_\_\_\_

Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the Corporation

**CHOU ASSOCIATES MANAGEMENT INC.**

(Lender)

By: \_\_\_\_\_

*Francis Chou*

Name: Francis Chou

Title: President

I have authority to bind the Corporation

This is Exhibit "M" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits



SUBORDINATION AGREEMENT entered into as of February <sup>5<sup>th</sup></sup>, 2015

**AMONG:** **CHOU ASSOCIATE MANAGEMENT INC.**  
110 Sheppard Ave. E, Suite 301, Box 18, Toronto, ON M2N 6Y8  
(hereinafter called the "**Lender**")

**AND:** **ROYAL BANK OF CANADA**, a Schedule I Bank existing under the *Bank Act* (Canada), having a branch office at 90 Sparks Street, Ottawa, Ontario, K1P 5T6  
(hereinafter called the "**Bank**")

**AND:** **FUEL INDUSTRIES INC.**  
7 Hinton Ave. N. Suite 100, Ottawa, Ontario, K1Y 4P1  
(hereinafter called the "**Borrower**")

**WHEREAS:**

- A.** The Bank has granted to the Borrower various credit facilities not exceeding an aggregate amount of **Seven Hundred and Fifty Thousand Dollars (\$750,000)** (hereinafter collectively called the "**Bank Credit**"), as they may be amended, increased, reduced or otherwise modified from time to time provided that such amendments may not provide for the Bank's extension of credit facilities beyond the amount of the Bank Credit without the Lender's prior written consent, which consent shall not be unreasonably withheld or delayed, and the Borrower has granted or intends to grant in favour of the Bank various security interests in respect thereof (the "**Bank Security**") (the "**Bank Credit**" and the "**Bank Security**", together with all interest, royalty, bonuses or fees payable thereunder, being hereinafter collectively called the "**Bank Debt**");
- B.** The Lender and the Borrower entered into a loan agreement dated February 2015 (the "**Lender Credit**") relating to, *inter alia*, the granting of a loan in the amount of CA \$7,500,000, the terms and conditions of which are provided in the loan agreement and the Borrower has granted various security interests in favour of the Lender in respect thereof (collectively the "**Lender Security**") (the "**Lender Credit**" and the "**Lender Security**", together with all interest, royalty, bonuses or fees payable there under, being hereinafter collectively called the "**Subordinated Debt**");

- C. The Lender and the Bank hereby wish to set forth their respective rights and remedies in respect of the security granted by the Borrower to each of them;

**NOW THEREFORE** in consideration of the covenants and conditions hereinafter described, and for good and valuable consideration, the parties hereto agree as follows:

1 **INTERPRETATION**

1.1 Definitions.

Except as otherwise provided herein or unless the context otherwise requires, capitalized terms and expressions used in this Agreement and its preamble shall have the meaning set forth below:

- 1.1.1 **"Agreement"** means this Subordination Agreement;
- 1.1.2 **"Bank Notice of Default"** means the written notice of the Bank that an Event of Default has occurred under the Bank Debt;
- 1.1.3 **"Bank Security"** means, individually or collectively, all Security granted or to be granted from time to time between the Borrower and the Bank to guarantee the repayment of the Bank Debt;
- 1.1.4 **"Borrower"** means Fuel Industries and its successors and assigns;
- 1.1.5 **"Business Day(s)"** means any day, except Saturday or Sunday, when the Bank is open to do business in Canada;
- 1.1.6 **"Event of Default"** means the occurrence of any of the events of default specified in the Bank Debt, or the Subordinated Debt, provided same is reasonably considered to be material in nature or effect;
- 1.1.7 **"Lender Notice of Default"** means the written notice of the Lender that an Event of Default has occurred under the Subordinated Debt;
- 1.1.8 **"Lender Security"** means, individually or collectively, all Security granted or to be granted from time to time between the Borrower and the Lender to guarantee the repayment and performance of the Subordinated Debt;
- 1.1.9 **"GAAP"** means the generally accepted accounting principles in force in Canada, as accepted or established by the Canadian Institute of Chartered

- 3 -

Accountants, as they may be modified from time to time, but applied in a constant manner;

1.1.10 "**Security**" means, individually or collectively, all the deeds, documents and agreements, including any amendment, substitution or replacement thereof, relating or useful to complete and confirm the hypothecs, charges, mortgages, security interest or other movable or immovable security granted to the Bank, or, as the case may be, to the Lender, in accordance with the laws of any governmental authority having jurisdiction over the properties and rights of the Borrower subject to such security; and

1.1.11 "**Standstill Period**" means the period described in Section 5 hereof.

1.2 **Titles.** The titles have been inserted in this Agreement for convenience of reference only and shall not in any manner affect its interpretation. The section numbers refer to the sections of this Agreement.

1.3 **Preamble.** The preamble hereinabove forms an integral part of this Agreement.

1.4 **Accounting Terms.** Each accounting term used in this Agreement has the meaning generally ascribed to it by GAAP unless another definition is given herein, and any reference to an item of a balance sheet or income statement must be construed according to its presentation in the appropriate statement established in accordance with GAAP as modified from time to time by any accounting norms adopted by the Canadian Institute of Chartered Accountants.

1.5 **Singular / Plural.** In this Agreement, words importing the singular number also include the plural and *vice versa*, and person (or persons) includes an individual, firm, company, corporation, government, governmental body or agency, unincorporated association or partnership. Information that is provided in the schedules hereto shall be consistent with the definitions, terms and conditions of this Agreement. All references to currency are in lawful dollars of Canada.

## **2 CONSENT AND SUBORDINATION**

2.1 The Bank hereby consents to the Borrower entering into the Lender Credit and granting the Lender Security. Subject to the terms hereof and as otherwise agreed, the Lender Security relating to or in connection with the Subordinated Debt is hereby subordinated to the Bank Security relating to or in connection with the Bank Debt.

- 2.2 The subordination herein provided in favour of the Bank shall remain in force for as long as the Bank is not fully repaid the amounts due by the Borrower pursuant to the terms of the Bank Debt notwithstanding:
- 2.2.1 the time or order of creation, execution, delivery, attachment or perfection of any of the Security;
  - 2.2.2 the method of perfection of any of the Security;
  - 2.2.3 the time or order of registration or filing of financing statements, real estate charges or other recording of any of the Security;
  - 2.2.4 the date or dates of any default by the Borrower regarding any indebtedness or under any of the Security;
  - 2.2.5 the date of crystallization of any floating charge contained in any of the Security; or
  - 2.2.6 the date of any notice of an Event of Default.
- 2.3 Subject to the provisions relating to the restrictions imposed on the Lender during a Standstill Period, the subordination herein:
- 2.3.1 shall not prevent the Lender from receiving scheduled payments on account of principal, interest, royalty, bonuses or fees in accordance with the terms and conditions of the Subordinated Debt;
  - 2.3.2 shall not prevent the Lender from exercising its rights under any guarantee held by it with respect to the Subordinated Debt, provided that any such exercise and any proceeds realized therefrom remains subject to the subordination provided by this Agreement; and
  - 2.3.3 shall not prevent the Lender from filing a proof of claim with any trustee in bankruptcy in case of (i) bankruptcy or assignment of property by the Borrower, (ii) filing by the Borrower of a notice of intention or a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) or filing of an arrangement under the *Companies' Creditors Arrangement Act* (Canada).
- 2.4 Upon the occurrence of an Event of Default under the Subordinated Debt and in the event the Lender elects to call or otherwise make demand for the repayment of the Borrower's indebtedness to the Lender or initiate proceedings to realize upon or under the Lender Security, it shall first provide the Lender Notice of Default to

- 5 -

the Bank advising the Bank of its intention to take such actions and identifying the default(s). If the Bank does not notify the Lender in writing that it intends to impose a Standstill Period within 10 Business Days of receipt of the Lender Notice of Default, then (notwithstanding Section 5.2) the Lender may then realize upon the Lender Security and take such actions as it deems appropriate or necessary to enforce its rights under the Subordinated Debt or any part thereof provided in each case that the proceeds of any such realization of the Lender Security remains subject to the subordination provided by this Agreement. The provisions of Section 5.2 of this Agreement shall apply if the Bank imposes a Standstill Period after receipt of a Lender Notice of Default pursuant to this Section 2.4.

### **3 PAYMENTS IN THE ORDINARY COURSE**

- 3.1 Until such time as the coming into force of a Standstill Period, the Lender may receive and retain all scheduled payments on account of principal, interest, royalty, bonus and fees in connection with the Subordinated Debt provided that if a payment results, or would reasonably be expected after giving effect to the payment to result, in an Event of Default under the Bank Debt, such payment will be deemed to have been received and held by the Lender in trust for the Bank and shall be forthwith paid over to the Bank by the Lender upon the delivery of a Bank Notice of Default relating thereto by the Bank to the Lender.
- 3.2 Upon the coming into force of a Standstill Period and thereafter until all of the Bank Debt has been fully repaid or the Event of Default under the Bank Debt is cured to the satisfaction of the Bank, acting reasonably, all other payments, will be deemed to have been received and held by the Lender in trust for the Bank and shall be forthwith paid over to the Bank by the Lender as soon as possible.
- 3.3 If the Event of Default under the Bank Debt is cured to the satisfaction of the Bank, acting reasonably, prior to the expiry of the Standstill Period, the Borrower shall resume its payments relating to the Subordinated Debt and the Lender may then receive payments on account of principal, interest, royalties, bonus and fees in connection with the Subordinated Debt, as well as all of the arrears related to such amounts, including the interest on the unpaid interest, in each case subject to the provisos set forth in Section 3.1 above.
- 3.4 The Bank shall use its good faith best efforts to advise the Lender as soon as the Borrower has remedied the Event of Default under the Bank Debt.

**4**     **SECURITY HELD BY THE LENDERS**

- 4.1     The Lender represents and warrants to the Bank that no Security, other than as set out under "List of Lender Security" in Schedule "A" annexed hereto, secures or guarantees the Subordinated Debt.
- 4.2     The Bank Security with respect to the Bank Debt shall have priority over the Lender Security relating to the Subordinated Debt.
- 4.3     Should new Security be granted by the Borrower in favour of the Lender, such Security shall be subordinated to the rights of the Bank with respect to the Bank Debt pursuant to the provisions hereof.

**5**     **STANDSTILL PERIOD**

- 5.1     If an Event of Default occurs with respect to the Bank Debt, the Bank shall notify the Lender of the occurrence of such Event of Default and may impose a Standstill Period on the Lender with respect to the exercise of its rights regarding the Subordinated Debt.
- 5.2     The Bank shall not be entitled to impose a Standstill Period on the Lender otherwise than in accordance with Section 5.1 and Section 2.4 hereof or unless the Bank has first delivered to the Lender the Bank Notice of Default. Upon receipt of the Bank Notice of Default, the Lender shall not commence and shall stay all proceedings it may have commenced in connection with the enforcement or realization of the Lender Security or, as the case may be, shall not initiate any proceedings against the Borrower or make demand for the repayment or payment of any of the indebtedness of the Borrower under the Subordinated Debt; provided, however, that after that date that is 90 days from the date of the Lender's receipt of the Bank Notice of Default or the date of the Bank imposing a Standstill Period as contemplated by Section 2.4 hereof, the Lender shall be permitted to exercise its rights and remedies, whether by judicial means or otherwise, provided in each case that any realization of the Lender Security remains subject to the provisions of this Agreement.

**6**     **DURATION**

- 6.1     This Agreement shall remain in force until the first of the following dates:
  - 6.1.1   the date on which it is terminated upon the written consent of all the parties hereto; and

- 7 -

6.1.2 the date on which any and all amounts due with respect to the Bank Debt and the Subordinated Debt have been paid or repaid in full.

7 **DOCUMENTATION**

7.1 Each Lender shall, upon request of the other Lender and no later than fifteen (15) days of such request, sign any deed, agreement or other document, and shall do any act deemed useful or necessary in order to give effect to the Agreement hereof, including, without limitation, any notice of this Agreement under the *Personal Property Security Act* (Ontario) or otherwise giving notice of the existence of this Agreement.

8 **DEFAULT AND NOTICE OF DEFAULT**

8.1 The Lender and the Bank agree to i) act in a commercially reasonable manner when exercising their respective rights and remedies under the terms of the Bank Debt and the Subordinated Debt; and ii) use good faith efforts to provide each other with copies of any letter or any notice transmitted in writing by one or the other to the Borrower relating to any Event of Default under the terms of the Bank Debt or the Subordinated Debt, as the case may be, and the Borrower hereby expressly consents to the sharing and delivery of such information in accordance with the Bank Debt and the Subordinated Debt.

9 **NOTICE**

9.1 All notices or requests provided for in this Agreement shall be transmitted in writing to the party to which it is sent or given. Any notice or request is validly transmitted by its delivery to its recipient, either: personally (in which case, the delivery shall be accepted); or by registered and prepaid mail; or by facsimile or served to the addresses hereinafter mentioned:

9.1.1 For the Lender:

Chou Associates Management Inc.  
110 Sheppard Ave East, Suite 301, Box 18  
Toronto, ON  
M2N 6Y8

To the attention of: Francis Chou

9.1.2 For the Bank:  
Royal Bank of Canada  
90 Sparks Street  
Ottawa, Ontario  
K1P 5T6

To the attention of: Jonathon Sullivan, Senior Account Manager

9.1.3 For the Borrower:

Fuel Industries Inc.  
Hinton Ave. N. Suite 100,  
Ottawa, Ontario  
K1Y 4P1

To the attention of: Andrew Wing Co-CEO

9.2 Any notice given or any request made as provided for hereinabove is deemed to have been received upon its delivery, if personally delivered, or at the time of its service, if served, or on the third (3<sup>rd</sup>) Business Day following its mailing, if sent by mail, or on the Business Day following its transmittal, if transmitted by fax. However, if the mail service is interrupted by a strike, a slowdown, an act of God or any other cause, the party sending the notice or the request shall use one of the services that is not interrupted or shall deliver such notice or request in a manner that such notice or request is received as soon as possible. Each party may advise the other parties of any change of address in the manner hereinabove mentioned for the purposes of this Agreement.

## 10 MISCELLANEOUS

10.1 **Successors and Assigns.** The terms and conditions herein shall apply and enure to the benefit of the successors and assigns of the Lender and the Bank. Any assignee of the rights of the Bank according to the Bank Debt shall benefit from the rights of the Bank in accordance with the terms hereof and any assignee of the rights of the Lender pursuant to the Subordinated Debt shall assume in writing the obligations of the Lender described herein and the Lender agrees to obtain such assumption from such assignee.

10.2 **Governing Laws.** The provisions hereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.



- 9 -

- 10.3 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement. Execution of this Agreement may be made by each party by signing a copy of the Agreement and sending such signature by facsimile or otherwise.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement in the following manner:

**CHOU ASSOCIATES MANAGEMENT INC.**

By: Francis Chou  
Name: FRANCIS CHOU  
Title: CHIEF EXECUTIVE OFFICER + PRESIDENT

I have authority to bind the Lender.

**ROYAL BANK OF CANADA**

By: Jonathon Sullivan  
Name: Jonathon Sullivan  
Title: Account Manager

I have authority to bind the Bank.

**FUEL INDUSTRIES INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

We have authority to bind the Borrower.

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement in the following manner:

**CHOU ASSOCIATES MANAGEMENT INC.**

By: \_\_\_\_\_

Name:

Title:

I have authority to bind the Lender.

**ROYAL BANK OF CANADA**

By: \_\_\_\_\_

Name: Jonathon Sullivan

Title: Account Manager

I have authority to bind the Bank.

**FUEL INDUSTRIES INC.**

By:  \_\_\_\_\_

Name: Andrew Wing

Title: CO-CEO

By:  \_\_\_\_\_

Name: Mike Burns

Title: CO-CEO

We have authority to bind the Borrower.

SCHEDULE "A"

1. LIST OF THE LENDER SECURITY

- 1) First position security interest in and assignment of all outstanding OIDMTC receivables, plus any additional OIDMTC receivables as and when they are created together with all proceeds arising therefrom.
- 2) General Security Agreement granted by the Borrower.

This is Exhibit "N" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**CHOU ASSOCIATES MANAGEMENT INC.**  
110 Sheppard Avenue East, Suite 301, Box 18  
Toronto, Ontario M2N 6Y8

February 2, 2015

Royal Bank of Canada  
90 Sparks Street  
Ottawa, Ontario  
K1P 5T6

Attention; Jonathon Sullivan, Senior Account Manager

Dear Sirs:

Subordination Agreement dated February 3rd 2015 (the "Agreement") among Royal Bank of Canada (the "Bank"), Chou Associates Management Inc. (the "Lender") and Fuel Industries Inc. (the "Borrower")

### **Background**

We are writing with respect to the Agreement to confirm our agreement concerning the rights and obligations of the parties with respect to Ontario tax credits payable to the Borrower and the priorities and subordination of the security granted by the Borrower to the Bank and the Lender.

All defined terms used in this letter shall, unless otherwise defined herein, have the same meaning attributed to such terms in the Agreement.

The Bank and the Lender agree that notwithstanding the provisions of the Agreement, the provisions of this letter shall apply with respect to the rights and obligations of the Bank and the Lender with respect to the Bank Security and Bank Debt and the Lender Security and Subordinated Debt.

### **Priorities**

As between the Bank and the Lender, the security granted under the Lender Security and the Bank Security (and the respective rights and remedies thereunder) shall rank as follows:

- (a) The Bank Security shall rank in first priority in an amount equal to the Bank Debt with respect to all of the property, assets and undertaking of the Borrower other than the Tax Credits (as defined below) (the "**Other Assets**").

- (b) The Lender Security shall rank in first priority in an amount equal to the Subordinated Debt with respect to any and all Ontario Interactive Digital Media Tax Credits now or hereafter owing to the Borrower and any proceeds derived therefrom (the “**Tax Credits**”).
- (c) The Bank Security shall rank in second priority in an amount equal to the Bank Debt with respect to the Tax Credits.
- (d) The Lender Security shall rank in second priority in an amount equal to the Subordinated Debt with respect to the Other Assets.

### **Subordination and Postponement**

Each of the Bank and the Lender hereby subordinates its respective security and indebtedness to and in favour of the security and indebtedness of the other to the extent necessary to give effect to the priorities set forth above.

### **Payments by the Borrower**

From and after an Event of Default, no payment of principal or interest shall be made by the Borrower in respect of the Bank Debt or the Subordinated Debt unless paid to the Bank and the Lender in accordance with the priorities set out above.

### **Amounts Held in Trust**

(a) Except as provided in clause (b) below, after an Event of Default, all payments or amounts received by the Bank or the Lender from or in connection with the Borrower (including from any third party on account of or otherwise for the benefit of the Borrower) will be dealt with in such a way as to give effect to the provisions of this letter. Any payments or amounts received by the Bank or the Lender from the Borrower (including any amount received in respect of any claim, proof of claim or other instrument of similar character filed in respect of the Borrower) that are not in accordance with the provisions of this Agreement are deemed to be received in trust for the appropriate party and will be paid over to such party.

(b) All Tax Credits received by the Borrower or the Lender, before or after an Event of Default, shall be deposited into a segregated bank account maintained at the Bank in the name of the Borrower in trust in favour of the Lender, shall remain identifiable and traceable and not be co-mingled with the other funds of the Borrower and shall be paid immediately to the Lender until the Subordinated Debt has been paid in full.

### **Conflict**

If there is any conflict between the terms of this letter and the Agreement, the terms of this letter shall govern. Except as otherwise provided herein, the terms of the Agreement remain in full force and effect unamended.

Would you please confirm your agreement with the foregoing by signing and returning a copy of this letter.

Yours Truly,

**Chou Associates Management Inc.**

Per: \_\_\_\_\_  
Francis Chou  
Director

Agreed this     day of February, 2015.

**Royal Bank of Canada**

Per: \_\_\_\_\_  
Jonathon Sullivan  
Senior Account Manager



This is Exhibit "O" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

SUBORDINATION AGREEMENT entered into as of August 24, 2015

**AMONG:** **CHOU ASSOCIATE MANAGEMENT INC.**  
110 Sheppard Ave. E, Suite 301, Box 18, Toronto, ON M2N 6Y8  
(hereinafter called the "**Lender**")

**AND:** **ROYAL BANK OF CANADA**, a Schedule I Bank existing under the *Bank Act* (Canada), having a branch office at 90 Sparks Street, Ottawa, Ontario, K1P 5T6  
(hereinafter called the "**Bank**")

**AND:** **FUEL TECHNOLOGIES INC.**  
7 Hinton Ave. N. Suite 100, Ottawa, Ontario, K1Y 4P1  
(hereinafter called the "**Guarantor**")

**WHEREAS:**

- A. The Bank has granted to Fuel Industries Inc. (the "**Borrower**") various credit facilities not exceeding an aggregate amount of **Seven Hundred and Fifty Thousand Dollars (\$750,000)** (hereinafter collectively called the "**Bank Credit**"), as they may be amended, increased, reduced or otherwise modified from time to time provided that such amendments may not provide for the Bank's extension of credit facilities beyond the amount of the Bank Credit without the Lender's prior written consent, which consent shall not be unreasonably withheld or delayed;
- B. The Guarantor has agreed to execute and deliver an unlimited corporate guarantee and indemnity in favour of the Bank in respect of the Bank Credit (the "**Bank Guarantee**"), and has granted or intends to grant in favour of the Bank various security interests in respect thereof (the "**Bank Guarantor Security**") (the "**Bank Guarantee**" and the "**Bank Guarantor Security**", together with all interest, royalty, bonuses or fees payable thereunder, being hereinafter collectively called the "**Bank Debt**");
- C. The Lender and the Borrower entered into a loan agreement dated February 9, 2015 (the "**Lender Credit**") relating to, *inter alia*, the granting of a loan in the amount of CA \$7,500,000, the terms and conditions of which are provided in the loan agreement;

- 2 -

- D. The Guarantor has agreed to execute and deliver an unlimited corporate guarantee and indemnity in favour of the Lender in respect of the Lender Credit (the “**Lender Guarantee**”), and has granted or intends to grant in favour of the Lender various security interests in respect thereof (collectively the “**Lender Guarantor Security**”) (the “**Lender Guarantee**” and the “**Lender Guarantor Security**”, together with all interest, royalty, bonuses or fees payable there under, being hereinafter collectively called the “**Subordinated Debt**”);
- C. The Lender and the Bank hereby wish to set forth their respective rights and remedies in respect of the security granted by the Guarantor to each of them;

**NOW THEREFORE** in consideration of the covenants and conditions hereinafter described, and for good and valuable consideration, the parties hereto agree as follows:

## **1 INTERPRETATION**

### 1.1 Definitions.

Except as otherwise provided herein or unless the context otherwise requires, capitalized terms and expressions used in this Agreement and its preamble shall have the meaning set forth below:

- 1.1.1 “**Agreement**” means this Subordination Agreement;
- 1.1.2 “**Bank Notice of Default**” means the written notice of the Bank that an Event of Default has occurred under the Bank Debt;
- 1.1.3 “**Bank Guarantor Security**” means, individually or collectively, all Security granted or to be granted from time to time between the Guarantor and the Bank to guarantee the repayment of the Bank Debt;
- 1.1.4 “**Business Day(s)**” means any day, except Saturday or Sunday, when the Bank is open to do business in Canada;
- 1.1.5 “**Event of Default**” means the occurrence of any of the events of default specified in the Bank Debt, or the Subordinated Debt, provided same is reasonably considered to be material in nature or effect;
- 1.1.6 “**Guarantor**” means Fuel Technologies Inc. and its successors and assigns;
- 1.1.7 “**Lender Notice of Default**” means the written notice of the Lender that an Event of Default has occurred under the Subordinated Debt;

- 1.1.8 **“Lender Guarantor Security”** means, individually or collectively, all Security granted or to be granted from time to time between the Guarantor and the Lender to guarantee the repayment and performance of the Subordinated Debt;
- 1.1.9 **“GAAP”** means the generally accepted accounting principles in force in Canada, as accepted or established by the Canadian Institute of Chartered Accountants, as they may be modified from time to time, but applied in a constant manner;
- 1.1.10 **“Security”** means, individually or collectively, all the deeds, documents and agreements, including any amendment, substitution or replacement thereof, relating or useful to complete and confirm the hypothecs, charges, mortgages, security interest or other movable or immovable security granted to the Bank, or, as the case may be, to the Lender, in accordance with the laws of any governmental authority having jurisdiction over the properties and rights of the Guarantor subject to such security; and
- 1.1.11 **“Standstill Period”** means the period described in Section 5 hereof.
- 1.2 **Titles.** The titles have been inserted in this Agreement for convenience of reference only and shall not in any manner affect its interpretation. The section numbers refer to the sections of this Agreement.
- 1.3 **Preamble.** The preamble hereinabove forms an integral part of this Agreement.
- 1.4 **Accounting Terms.** Each accounting term used in this Agreement has the meaning generally ascribed to it by GAAP unless another definition is given herein, and any reference to an item of a balance sheet or income statement must be construed according to its presentation in the appropriate statement established in accordance with GAAP as modified from time to time by any accounting norms adopted by the Canadian Institute of Chartered Accountants.
- 1.5 **Singular / Plural.** In this Agreement, words importing the singular number also include the plural and *vice versa*, and person (or persons) includes an individual, firm, company, corporation, government, governmental body or agency, unincorporated association or partnership. Information that is provided in the schedules hereto shall be consistent with the definitions, terms and conditions of this Agreement. All references to currency are in lawful dollars of Canada.

## **2 CONSENT AND SUBORDINATION**

- 4 -

- 2.1 The Bank hereby consents to the Guarantor entering into the Lender Guarantee and granting the Lender Guarantor Security. Subject to the terms hereof and as otherwise agreed, the Lender Guarantor Security relating to or in connection with the Subordinated Debt is hereby subordinated to the Bank Guarantor Security relating to or in connection with the Bank Debt.
- 2.2 The subordination herein provided in favour of the Bank shall remain in force for as long as the Bank is not fully repaid the amounts due by the Guarantor pursuant to the terms of the Bank Guarantee notwithstanding:
  - 2.2.1 the time or order of creation, execution, delivery, attachment or perfection of any of the Security;
  - 2.2.2 the method of perfection of any of the Security;
  - 2.2.3 the time or order of registration or filing of financing statements, real estate charges or other recording of any of the Security;
  - 2.2.4 the date or dates of any default by the Guarantor regarding any indebtedness or under any of the Security;
  - 2.2.5 the date of crystallization of any floating charge contained in any of the Security; or
  - 2.2.6 the date of any notice of an Event of Default.
- 2.3 Subject to the provisions relating to the restrictions imposed on the Lender during a Standstill Period, the subordination herein:
  - 2.3.1 shall not prevent the Lender from receiving scheduled payments on account of principal, interest, royalty, bonuses or fees in accordance with the terms and conditions of the Subordinated Debt;
  - 2.3.2 shall not prevent the Lender from exercising its rights under any guarantee held by it with respect to the Subordinated Debt, provided that any such exercise and any proceeds realized therefrom remains subject to the subordination provided by this Agreement; and
  - 2.3.3 shall not prevent the Lender from filing a proof of claim with any trustee in bankruptcy in case of (i) bankruptcy or assignment of property by the Guarantor, (ii) filing by the Guarantor of a notice of intention or a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) or filing

of an arrangement under the *Companies' Creditors Arrangement Act* (Canada).

- 2.4 Upon the occurrence of an Event of Default under the Subordinated Debt and in the event the Lender elects to call or otherwise make demand for the repayment of the Guarantor's indebtedness to the Lender or initiate proceedings to realize upon or under the Lender Guarantor Security, it shall first provide the Lender Notice of Default to the Bank advising the Bank of its intention to take such actions and identifying the default(s). If the Bank does not notify the Lender in writing that it intends to impose a Standstill Period within 10 Business Days of receipt of the Lender Notice of Default, then (notwithstanding Section 5.2) the Lender may then realize upon the Lender Guarantor Security and take such actions as it deems appropriate or necessary to enforce its rights under the Subordinated Debt or any part thereof provided in each case that the proceeds of any such realization of the Lender Guarantor Security remains subject to the subordination provided by this Agreement. The provisions of Section 5.2 of this Agreement shall apply if the Bank imposes a Standstill Period after receipt of a Lender Notice of Default pursuant to this Section 2.4.

### **3 PAYMENTS IN THE ORDINARY COURSE**

- 3.1 Until such time as the coming into force of a Standstill Period, the Lender may receive and retain all scheduled payments on account of principal, interest, royalty, bonus and fees in connection with the Subordinated Debt provided that if a payment results, or would reasonably be expected after giving effect to the payment to result, in an Event of Default under the Bank Debt, such payment will be deemed to have been received and held by the Lender in trust for the Bank and shall be forthwith paid over to the Bank by the Lender upon the delivery of a Bank Notice of Default relating thereto by the Bank to the Lender.
- 3.2 Upon the coming into force of a Standstill Period and thereafter until all of the Bank Debt has been fully repaid or the Event of Default under the Bank Debt is cured to the satisfaction of the Bank, acting reasonably, all other payments, will be deemed to have been received and held by the Lender in trust for the Bank and shall be forthwith paid over to the Bank by the Lender as soon as possible.
- 3.3 If the Event of Default under the Bank Debt is cured to the satisfaction of the Bank, acting reasonably, prior to the expiry of the Standstill Period, the Guarantor shall resume its payments relating to the Subordinated Debt and the Lender may then receive payments on account of principal, interest, royalties, bonus and fees in connection with the Subordinated Debt, as well as all of the arrears related to such amounts, including the interest on the unpaid interest, in each case subject to the provisos set forth in Section 3.1 above.

- 6 -

- 3.4 The Bank shall use its good faith best efforts to advise the Lender as soon as the Guarantor has remedied the Event of Default under the Bank Debt.

#### **4 SECURITY HELD BY THE LENDERS**

- 4.1 The Lender represents and warrants to the Bank that no Security, other than as set out under "List of Lender Guarantor Security" in Schedule "A" annexed hereto, secures or guarantees the Subordinated Debt.
- 4.2 The Bank Guarantor Security with respect to the Bank Debt shall have priority over the Lender Guarantor Security relating to the Subordinated Debt.
- 4.3 Should new Security be granted by the Guarantor in favour of the Lender, such Security shall be subordinated to the rights of the Bank with respect to the Bank Debt pursuant to the provisions hereof.

#### **5 STANDSTILL PERIOD**

- 5.1 If an Event of Default occurs with respect to the Bank Debt, the Bank shall notify the Lender of the occurrence of such Event of Default and may impose a Standstill Period on the Lender with respect to the exercise of its rights regarding the Subordinated Debt.
- 5.2 The Bank shall not be entitled to impose a Standstill Period on the Lender otherwise than in accordance with Section 5.1 and Section 2.4 hereof or unless the Bank has first delivered to the Lender the Bank Notice of Default. Upon receipt of the Bank Notice of Default, the Lender shall not commence and shall stay all proceedings it may have commenced in connection with the enforcement or realization of the Lender Guarantor Security or, as the case may be, shall not initiate any proceedings against the Guarantor or make demand for the repayment or payment of any of the indebtedness of the Guarantor under the Subordinated Debt; provided, however, that after that date that is 90 days from the date of the Lender's receipt of the Bank Notice of Default or the date of the Bank imposing a Standstill Period as contemplated by Section 2.4 hereof, the Lender shall be permitted to exercise its rights and remedies, whether by judicial means or otherwise, provided in each case that any realization of the Lender Guarantor Security remains subject to the provisions of this Agreement.

#### **6 DURATION**

- 6.1 This Agreement shall remain in force until the first of the following dates:

- 6.1.1 the date on which it is terminated upon the written consent of all the parties hereto; and
- 6.1.2 the date on which any and all amounts due with respect to the Bank Debt and the Subordinated Debt have been paid or repaid in full.

## **7 DOCUMENTATION**

- 7.1 Each Lender shall, upon request of the Bank and no later than fifteen (15) days of such request, sign any deed, agreement or other document, and shall do any act deemed useful or necessary in order to give effect to the Agreement hereof, including, without limitation, any notice of this Agreement under the *Personal Property Security Act* (Ontario) or otherwise giving notice of the existence of this Agreement.

## **8 DEFAULT AND NOTICE OF DEFAULT**

- 8.1 The Lender and the Bank agree to i) act in a commercially reasonable manner when exercising their respective rights and remedies under the terms of the Bank Debt and the Subordinated Debt; and ii) use good faith efforts to provide each other with copies of any letter or any notice transmitted in writing by one or the other to the Guarantor relating to any Event of Default under the terms of the Bank Debt or the Subordinated Debt, as the case may be, and the Guarantor hereby expressly consents to the sharing and delivery of such information in accordance with the Bank Debt and the Subordinated Debt.

## **9 NOTICE**

- 9.1 All notices or requests provided for in this Agreement shall be transmitted in writing to the party to which it is sent or given. Any notice or request is validly transmitted by its delivery to its recipient, either: personally (in which case, the delivery shall be accepted); or by registered and prepaid mail; or by facsimile or served to the addresses hereinafter mentioned:

- 9.1.1 For the Lender:

Chou Associates Management Inc.  
110 Sheppard Ave East, Suite 301, Box 18  
Toronto, ON  
M2N 6Y8



- 8 -

To the attention of: Francis Chou

9.1.2 For the Bank:  
Royal Bank of Canada  
90 Sparks Street  
Ottawa, Ontario  
K1P 5T6

To the attention of: Jonathon Sullivan, Senior Account Manager

9.1.3 For the Guarantor:

Fuel Technologies Inc.  
Hinton Ave. N. Suite 100,  
Ottawa, Ontario  
K1Y 4P1

To the attention of: Andrew Wing Co-CEO

9.2 Any notice given or any request made as provided for hereinabove is deemed to have been received upon its delivery, if personally delivered, or at the time of its service, if served, or on the third (3<sup>rd</sup>) Business Day following its mailing, if sent by mail, or on the Business Day following its transmittal, if transmitted by fax. However, if the mail service is interrupted by a strike, a slowdown, an act of God or any other cause, the party sending the notice or the request shall use one of the services that is not interrupted or shall deliver such notice or request in a manner that such notice or request is received as soon as possible. Each party may advise the other parties of any change of address in the manner hereinabove mentioned for the purposes of this Agreement.

## 10 MISCELLANEOUS

10.1 **Successors and Assigns.** The terms and conditions herein shall apply and enure to the benefit of the successors and assigns of the Lender and the Bank. Any assignee of the rights of the Bank according to the Bank Debt shall benefit from the rights of the Bank in accordance with the terms hereof and any assignee of the rights of the Lender pursuant to the Subordinated Debt shall assume in writing the obligations of the Lender described herein and the Lender agrees to obtain such assumption from such assignee.

- 10.2 **Governing Laws.** The provisions hereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 10.3 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement. Execution of this Agreement may be made by each party by signing a copy of the Agreement and sending such signature by facsimile or otherwise.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement in the following manner:

**CHOU ASSOCIATES MANAGEMENT INC.**

By: Francis Chou  
Name: Francis Chou  
Title: President

I have authority to bind the Lender.

**ROYAL BANK OF CANADA**

By: \_\_\_\_\_  
Name: Jonathon Sullivan  
Title: Account Manager

I have authority to bind the Bank.

**FUEL TEHCNOLOGIES INC.**

By: \_\_\_\_\_  
Name: Andrew Wing  
Title: Co-Chief Executive Officer

I have authority to bind the Guarantor.

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement in the following manner:

**CHOU ASSOCIATES MANAGEMENT INC.**


By: \_\_\_\_\_

Name: Francis Chou

Title: President

I have authority to bind the Lender.

**ROYAL BANK OF CANADA**

By:  \_\_\_\_\_

Name: Jonathon Sullivan

Title: Account Manager

I have authority to bind the Bank.

**FUEL TEHCNOLOGIES INC.**

By: \_\_\_\_\_

Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the Guarantor.

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement in the following manner:

**CHOU ASSOCIATES MANAGEMENT INC.**

By: \_\_\_\_\_

Name: Francis Chou

Title: President

I have authority to bind the Lender.

**ROYAL BANK OF CANADA**

By: \_\_\_\_\_

Name: Jonathon Sullivan

Title: Account Manager

I have authority to bind the Bank.

**FUEL TEHCNOLOGIES INC**

By:  \_\_\_\_\_

Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the Guarantor.

**SCHEDULE "A"**

**1. LIST OF THE LENDER GUARANTOR SECURITY**

- 1) General Security Agreement granted by the Guarantor.

This is Exhibit "P" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**AMENDMENT TO LOAN AGREEMENT**

**B E T W E E N :**

**CHOU ASSOCIATES MANAGEMENT INC.**

(hereinafter referred to as the "Lender")

OF THE FIRST PART;

-and-

**FUEL INDUSTRIES INC.**

(hereinafter referred to as the "Borrower")

OF THE SECOND PART;

-and-

**FUEL TECHNOLOGIES INC.**

(hereinafter referred to as the "Guarantor")

OF THE THIRD PART.

**RECITALS**

**WHEREAS** the Lender and Borrower executed a loan agreement dated as of February 9, 2015 (the "Loan Agreement"), wherein the Lender agreed to establish and extend credit to the Borrower on the terms and conditions set out therein;

**AND WHEREAS** the Lender and the Borrower have agreed to amend the Loan Agreement in accordance with the terms and conditions contained herein;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby confirm, acknowledge, covenant and agree as follows:



## 1. **Interpretation**

### (a) **General**

Unless otherwise specifically defined herein or the context otherwise requires or specifies, each expression and term used in this Amendment which is defined in the Loan Agreement has the meaning assigned to such expression or term in the Loan Agreement.

### (b) **Nature of the Amendment**

This Amendment is an amendment to the Loan Agreement as contemplated thereby, and the Loan Agreement and this Amendment shall be read together and have effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument.

## 2. **Amendments to Loan Agreement**

(a) The Loan Agreement is hereby as follows:

- i. The Maturity Date is extended from February 9<sup>th</sup>, 2015 to June 1<sup>st</sup>, 2016.
- ii. The Interest Rate payable on the outstanding Principal Amount and any overdue interest and other amounts owing under the Loan Agreement from time to time will increase by 200 basis points per month commencing April 1<sup>st</sup>, 2016 and each month thereafter not to exceed 30% per annum. For clarity, the Interest Rate will be 16% per annum during April 2016, 18% per annum during May 1<sup>st</sup>, 2016 and so on from month to month.
- iii. The Borrower may repay the outstanding Principal Amount and any overdue interest and other amounts owing under the Loan Agreement on or before June 1<sup>st</sup>, 2016 without penalty.
- iv. The Borrower will pay on June 1<sup>st</sup>, 2016, or sooner, the 4% placement fee provided for in the Loan Agreement

### (b) **Ratification, No Waiver**

The Borrower confirms that, except as contemplated in Section 2, the entering into of this Amendment by the Lender shall not constitute waiver of or modification of or to any provision of the Loan Agreement or the security or of

any default or event of default or suspend, waive or affect any right of the Lender to demand strict compliance with and performance of any provision of the Loan Agreement or of the security.

(c) **Governing Law**

This Amendment shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Amendment in any other proper jurisdiction, the parties hereto hereby attorn and submit to the jurisdiction or the courts of the Province of Ontario.

(d) **Counterparts and Facsimile**

This Amendment may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Counterparts may be executed either in original, faxed, or electronic form and the parties adopt any signatures so received as original signatures of the parties.

(e) **Successors and Assigns**

This Amendment shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns; and “successor” includes any corporation resulting from the amalgamation of any party with any other corporation.

*[Signature page follows]*

IN WITNESS WHEREOF this Amendment has been executed and delivered by the following parties as of the 5<sup>th</sup> day of FEBRUARY, 2016.

**CHOU ASSOCIATES MANAGEMENT INC.**  
(Lender)

By: Francis Chou  
Name: Francis Chou  
Title: President  
I have authority to bind the Corporation

**FUEL INDUSTRIES INC.**  
(Borrower)

By: Andrew L. Wing  
Name: Andrew Wing  
Title: Co-Chief Executive Officer  
I have authority to bind the Corporation

**FUEL TECHNOLOGIES INC.**  
(Guarantor)

By: Andrew L. Wing  
Name: Andrew Wing  
Title: Co-Chief Executive Officer  
I have authority to bind the Corporation

This is Exhibit "Q" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**SPECIFIC ASSIGNMENT AGREEMENT**

**AGREEMENT** dated as of June 22<sup>nd</sup>, 2016 (the “**Agreement**”)

**BETWEEN:**

**FUEL INDUSTRIES INC.,**

(hereinafter called “**Fuel Industries**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**

(hereinafter called the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Lender and Fuel Industries are party to a loan agreement dated February 9, 2015 (the “**Loan Agreement**”) pursuant to which the Lender extended to Fuel Industries a non-revolving, reducing credit facility in the principal amount of \$7,500,000 (“**Facility Maximum Amount**”);

**AND WHEREAS** the Lender and Fuel Technologies Inc. (the “**Borrower**”) are party to an Interim Loan Agreement dated June 22, 2016 (the “**Interim Loan Agreement**”) pursuant to which the Lender extended to the Borrower an additional non-revolving, reducing credit facility in the principal amount of \$1,100,000 as evidenced by a grid promissory note (the “**Note**”) dated June 22, 2016 issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of the Interim Loan Agreement;

**AND WHEREAS** Fuel Industries is, and may hereafter become, entitled to receive refundable tax credits (the “**Tax Credit Proceeds**”) for eligible Ontario labour, marketing and distribution expenditures relating to the development of interactive digital media products (the “**Products**”) to be received from the Ontario Interactive Digital Media Tax Credit (“**OIDMTC**”) jointly administered by the Ontario Media Development Corporation (“**OMDC**”) and the Canada Revenue Agency (“**CRA**”);

**AND WHEREAS** Fuel Industries has agreed to assign, transfer and convey, in favour of the Lender, the Tax Credit Proceeds as security of repayment of the Note, together with any accrued and unpaid interest thereon in accordance with the provisions of the Interim Loan Agreement;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

## ARTICLE 1 - DEFINITIONS

### 1.1 Definitions

Any capitalized term not defined in this Agreement shall have the meaning ascribed thereto in the Interim Loan Agreement or the Note, as applicable. In this Agreement:

“**Act**” means the *Corporations Tax Act* (Ontario).

“**Agreement**” means this Specific Assignment Agreement, including all amendments or restatements, and references to “Article” or “Section” means the specified Article or Section of this Agreement.

“**Ministry**” means the Ontario Ministry of Finance.

“**Regulations**” means Ontario Regulation 37/09 made under the Taxation Act.

“**Security Interest**” means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any lender a right in respect of a particular property.

“**Taxation Act**” means the *Taxation Act, 2007* (Ontario).

“**Tax Authorities**” means, collectively, the CRA, the OMDC and the Ministry, and “**Tax Authority**” mean any one of them.

“**Tax Refund**” means the refund generated by Fuel Industries’ claim for the Tax Credit Proceeds.

## ARTICLE 2 – ASSIGNMENT AND APPOINTMENT OF ATTORNEY

### 2.1 Assignment

Fuel Industries hereby irrevocably and unconditionally assigns, transfers and sets over by way of a fixed and specific assignment (without recourse) and grants to the Lender as a continuing Security Interest in and to the Tax Credit Proceeds and additionally grants to and in favour of the Lender absolutely all of Fuel Industries’ right, title and interest in and to all credits, refunds, proceeds and/or accrued interest payable thereon together with all other monies that may become due and payable in respect of all past, present and future OIDMTC claims of Fuel Industries and the full benefit of all powers, covenants and provisos to which Fuel Industries is entitled under the OIDMTC claims until all obligations of the Borrower under the Interim Loan Agreement have been repaid in full.

## 2.2 Attorney of Fuel Industries

(a) During the term of this Agreement, Fuel Industries hereby irrevocably and unconditionally appoints the Lender as its lawful attorney and expressly authorizes the Lender to exercise any of the rights, entitlements, privileges, powers, benefits, advantages, authorities and discretions which could otherwise be exercised by Fuel Industries with respect to the Tax Credit Proceeds.

(b) The Lender may collect and otherwise realize upon (including converting same into cash for the sole and exclusive benefit and use of the Lender) any credits, refunds, proceeds, accrued interest or other monies that may become due and payable in respect of the OIDMTC claims, and the Lender may appropriate such proceeds thereof in its absolute discretion on account of such parts of the Obligations or the Note as may seem best to the Lender; and the Lender before appropriating the same as aforesaid may deduct all reasonable costs, charges and expenses of realization including all legal costs on account of obtaining a solicitor.

(c) The Lender is authorized to receive, sign, execute, deliver and file with the Tax Authorities all documents reasonably necessary or required to obtain payment of any amounts payable to Fuel Industries in respect of the Tax Credit Proceeds including, without limitation, Fuel Industries' Tax Returns (as hereinafter defined), if such documents are not filed by Fuel Industries in a timely manner as determined by the Lender, acting reasonably.

(d) The Lender is authorized to communicate with the Tax Authorities regarding any and all matters pertaining to Fuel Industries, its principals, affiliates or subsidiaries and the Products and to obtain from the Tax Authorities any information including, without limitation, any personal or confidential information relating to Fuel Industries, its principal, affiliates and subsidiaries and the Products.

(e) Fuel Industries authorizes each Tax Authority to release information, without limitation, any personal and/or confidential information relating to Fuel Industries, its principals, affiliates and subsidiaries and the Products that Fuel Industries' attorney may request pursuant to this power of attorney.

(f) Fuel Industries hereby agrees and directs that the Lender shall be fully and completely indemnified against all claims, actions and costs which may be incurred by or imposed on the Lender in connection with the exercise of this power of attorney undertaken by it in good faith.

(g) This power of attorney shall continue in force until written notice of revocation signed by Fuel Industries has been served upon the Lender, which revocation shall not be valid until the Lender gives written notice to Fuel Industries that all obligations of the Borrower under the Interim Loan Agreement and the Note have been satisfied in full.

### 2.3 Creation of Segregated Bank Account

During the term of this Agreement and so long as the Obligations of Fuel Industries and the Borrower are outstanding to the Lender, Fuel Industries shall establish a segregated bank account maintained at the Royal Bank of Canada in the name of Fuel Industries in trust for the Lender (the “**Designated Account**”). Any Tax Credit Proceeds received by Fuel Industries shall remain identifiable and traceable, shall not be co-mingled with the other funds of Fuel Industries and shall be paid immediately to the Lender until all Obligations of Fuel Industries and the Borrower under the Loan Agreement and the Interim Loan Agreement have been paid in full. Until the Obligations of Fuel Industries to the Lender are paid in full, one or more nominees of the Lender shall have the sole signing authority on the Designated Account.

### 2.4 Payments to Fuel Industries

During the term of this Agreement, if any Tax Credit Proceeds are received or held by Fuel Industries, Fuel Industries hereby agrees to forthwith remit such Tax Credit Proceeds in full to the Lender without set-off, deduction or counterclaim and, pending such delivery and/or remittance by Fuel Industries, all such Tax Credit Proceeds shall be received and held in trust by Fuel Industries for the sole and exclusive benefit of the Lender. Any such Tax Credit Proceeds received in the Designated Account from time to time by Fuel Industries shall be upon notice from the Lender, be immediately deposited and transferred directly to the bank account of the Lender by irrevocable direction by Fuel Industries.

## ARTICLE 3 – REPRESENTATIONS, WARRANTIES AND COVENANTS

### 3.1 Representations & Warranties

Fuel Industries hereby represents and warrants to the Lender, and acknowledges that the Lender is relying on such representations and warranties in entering into this Agreement and the Interim Loan Agreement that:

- (a) there is no existing arrears in taxes or source deductions, right of set-off, off-set, counterclaim, claim or compensation of any kind enuring to the Tax Authorities or any other government agency, with respect to Fuel Industries which would have the effect of reducing any part of the Tax Credit Proceeds as applied for by Fuel Industries;
- (b) Fuel Industries has all necessary power and authority, and has taken all steps necessary to enter into this Agreement and upon its execution, it will constitute a legal, valid and binding obligation of Fuel Industries enforceable in accordance with its terms;
- (c) Fuel Industries is a duly incorporated, organized and subsisting corporation, and has all requisite powers, capacities, licenses, permissions and has taken all requisite steps under its governing legislation and the other laws applicable to it, and under



its articles of incorporation, by-laws and governing resolutions to:

- (i) own the assets which Fuel Industries has represented as belonging to Fuel Industries in any financial statement or representation made by Fuel Industries to the Lender; and
  - (ii) carry on all business in which Fuel Industries is engaged.
- (d) Fuel Industries has not previously assigned any amount of the Tax Credit Proceeds (either absolutely or by way of security) other than to its operating lender in respect of its operating credit facilities and which operating lender has entered into a subordination agreement and letter agreement with the Lender or directed payment of the Tax Credit Proceeds to any other person;
- (e) to the best of Fuel Industries' knowledge, the Products developed or created by Fuel Industries, do not violate or infringe upon any copyright, trademark, trade name, patent, artistic, literary, dramatic, music, personal, civil or property rights, or the rights of privacy of any person, firm or corporation, or constitute a libel or slander of any such person, firm or corporation;
- (f) to the best of Fuel Industries' knowledge, there are no claims, liens or encumbrances in, on or against the Products developed or created by Fuel Industries or any part thereof which can or will impair the Lender's rights hereunder;
- (g) Fuel Industries has not entered into any agreement which derogates from or infringes upon the rights granted to the Lender hereunder or under the Interim Loan Agreement or the Note;
- (h) Fuel Industries has not made any omission or incorrect statement for the purposes of obtaining the Tax Credit Proceeds;
- (i) Fuel Industries has not assigned, granted or conveyed to any other entity any rights with respect to the financing, creation or development of the Products which would conflict with the terms of this Agreement, the Interim Loan Agreement or the Note;
- (j) there are no potential preferred claims affecting Fuel Industries and Fuel Industries has paid all "employee source deductions" that Fuel Industries is required to make, including, without limitation, such deductions required by: (i) Federal Income Tax, (ii) Canada Pension Plan and (iii) Employment Insurance. For purposes of this Agreement "**potential preferred claims**" means amounts owing for wages, employee deductions, sales tax, excise tax, income tax, Workers' Compensation premiums, government royalties, pension fund obligations, overdue rents or taxes, purchase monies, security interests and other statutory preferred claims;

- (k) the Products are “interactive digital media products” and satisfy all eligibility requirements for the Tax Credit Proceeds as set out in Section 34 of the Regulations, including without limitation:
- (i) a combination of one or more application files and one or more data files, all in a digital format, that are integrated and are intended to be operated together and that have the following characteristics when they are being operated:
    - A. their primary purpose is to educate, inform or entertain the user;
    - B. they achieve their primary purpose by presenting information in at least two of the following forms:
      - (aa) text;
      - (bb) sound; and
      - (cc) images;
    - C. they are intended to be used by individuals; and
    - D. by interacting with them, the user can choose what information is to be presented and the form and sequence in which it is to be presented;
- (l) Fuel Industries is a “**qualifying corporation**” and satisfies all eligibility requirements for the Tax Credit Proceeds as set out in Section 93 of the *Taxation Act*, including without limitation:
- (i) is a Canadian corporation that satisfies one of the conditions set out in subsection 16 of Section 93;
  - (ii) is not controlled directly or indirectly in any manner by one or more corporations all or part of whose taxable income is exempt from tax under Section 57 of the Act or Part III of the *Taxation Act*; and
  - (iii) is not a prescribed labour-sponsored venture capital corporation under the Federal regulations;
- (m) the OIDMTC labour expenditures of Fuel Industries are “**Ontario labour expenditures**” and satisfy all eligibility requirements for the Tax Credit Proceeds as set out in Section 35 of the Regulations and for the purposes of Section 93 of the *Taxation Act*, including without limitation:

- (i) a qualifying corporation's Ontario labour expenditure for a taxation year is calculated as the sum of:
  - A. the Ontario labour expenditure incurred by the qualifying corporation in the taxation year for the eligible product; and
  - B. if the development of the eligible product is completed before March 26, 2008, the amount by which the total Ontario labour expenditure incurred by the qualifying corporation in a prior taxation year for the eligible product, to the extent that it is incurred in the 25-month period ending at the end of the month in which the eligible product is completed; or
  - C. if the development of the eligible product is completed after March 25, 2008, the amount by which the total Ontario labour expenditure incurred by the qualifying corporation in a prior taxation year for the eligible product, to the extent that it is incurred in the 37-month period ending at the end of the month in which the eligible product is completed; less
  - D. the total government assistance in respect of the Ontario labour expenditure for the eligible product, that the qualifying corporation or any other person or partnership has received, is entitled to receive or can reasonably be expected to receive, to the extent the government assistance has not been repaid pursuant to a legal obligation; and
  - E. the total of all amounts, if any, each of which is the Ontario labour expenditure for the eligible product that was included in the determination of the amount of a credit claimed under Section 93.2 for the year by the qualifying corporation or for a previous taxation year by the qualifying corporation or by a qualifying predecessor corporation;
- (n) the OIDMTC marketing and distribution expenditures of Fuel Industries are "eligible marketing and distribution expenditures" and satisfy all eligibility requirements for the Tax Credit Proceeds as set out in Sections 93(6) and 93(7) of the *Taxation Act*, including without limitation:
  - (i) the eligible marketing and distribution expenditure of a qualifying corporation for an eligible product is the lesser of \$100,000; and
    - A. the total marketing and distribution expenditure in respect of the eligible product incurred by the qualifying corporation in the 24 months before or in the 12 months after the completion of the

product; less

- B. all government assistance for the marketing and distribution expenditures for the eligible product;
- (ii) the expenditure is directly attributable to advertising or promoting the eligible product or distributing the eligible product to customers or potential customers;
- (iii) the expenditure is paid no later than 60 days after the end of the taxation year;
- (iv) the expenditure is not an amount:
  - A. for which the qualifying corporation makes a claim under Section 90, 91 or 92 of the *Taxation Act* or Section 43.5, 43.8, or 43.10 of the Act; or
  - B. incurred by the corporation in carrying out activities that constitute scientific research and experimental development for the purposes of paragraph 37(1)(a) of the *Income Tax Act* (Canada) or subparagraph 37(1)(b)(i) of the *Income Tax Act* (Canada);
- (v) if the qualifying corporation sells the eligible product directly to a consumer of the eligible product, the expenditure is not directly related to processing an order by a consumer or shipping an eligible product to a consumer; and
- (vi) if the expenditure relates to an amount paid or payable for meals or entertainment, only 50 per cent of the amount is included in the marketing and distribution expenditure incurred by a qualifying corporation in a taxation year; and
- (o) the fiscal year-end of Fuel Industries is December 31.

### 3.2 Survival of Representations and Warranties

The representations and warranties made by Fuel Industries contained in this Agreement or made in connection herewith shall survive the execution, suspension or termination of this Agreement.

### 3.3 Positive Covenants of Fuel Industries

As and from the date hereof, Fuel Industries hereby agrees and covenants that it shall, until such time as the obligations of the Borrower under the Interim Loan Agreement have been repaid in full:

- (a) do or cause to be done all things necessary to preserve and maintain in full force and effect its corporate existence and to carry on and conduct its business in a proper and businesslike manner;
- (b) to take all necessary steps:
  - (i) to qualify the Products as “**interactive digital media products**” and for the Tax Credit Proceeds;
  - (ii) to maintain Fuel Industries’ status as an “**qualifying corporation**”; and
  - (iii) to maintain the use of “**Ontario labour expenditures**” and “**eligible marketing and distribution expenditures**”;
- (c) to take all necessary steps to perform, observe and permit the exercise and enforcement of the rights of the Lender pursuant to this Agreement, the Interim Loan Agreement, the Note, or any agreement, instrument or document executed by Fuel Industries in connection herewith;
- (d) Fuel Industries agrees to execute, acknowledge and deliver all such further documents and instruments as may be necessary or requested by the Lender, including without limitation any security documents securing the Lender’s rights hereunder and such other documents as may be requested by the Lender, necessary or expedient to give effect to the purposes and intent of this Agreement;
- (e) notify the Lender promptly in writing of any breach or of non-compliance with any term, condition or covenant contained in this Agreement, the Interim Loan Agreement, the Note, or any other instrument, document or agreement executed in connection herewith;
- (f) promptly cure or cause to be cured, any defects in the execution and delivery of this Agreement or any of the other agreements, instruments or documents executed pursuant hereto or any defects in the validity or enforceability of the Agreement, the Interim Loan Agreement, the Note, or any other instrument or agreement in connection herewith, and at its own expense, execute and deliver or cause to be executed or delivered, all such agreements, instruments and other documents as the Lender may reasonably require;
- (g) comply with and conform to in all material respects the requirements of every applicable statute, law, regulation, ordinance and order in force at any time or from time to time with respect to the Products;
- (h) Application for Tax Credit Proceeds:
  - (i) complete and submit to the OMDC, in a timely manner, the application (the

“**Application**”) for a Certificate of Eligibility at Fuel Industries’ fiscal-year end (the “**Certificate**”);

- (ii) provide the Lender with confirmation, when available, of the receipt by the OMDC of the Application;
  - (iii) provide the Lender with confirmation, when available, of the OMDC’s acceptance of the Application;
  - (iv) provide the Lender with a copy of the Certificate issued by the OMDC in respect of the Products, and, to the extent the OMDC denies the Certificate, advise the Lender forthwith;
  - (v) co-operate in all respects with requests made by the Tax Authorities for documents or other information relating to the Products or the Tax Credit Proceeds;
  - (vi) produce the Products in accordance with the Act, the *Taxation Act*, and the Regulations, including, without limitation, the any guidelines issued and enforced by the OMDC at the time that the Application is reviewed; and
  - (vii) simultaneously with the execution of this Agreement, execute and deliver a direction to the CRA to make all payments in connection with the Tax Credit Proceeds to the Lender;
- (i) Income Tax Returns:
- (i) prepare and file Fuel Industries’ income tax returns (T2) along with Schedule T2SCH560 and the Certificate on a timely basis in respect of any taxation year for which the Tax Credit Proceeds may be claimed (the “**Tax Returns**”);
  - (ii) claim the maximum permitted amount of the Tax Credit Proceeds in the Tax Returns;
  - (iii) provide the Lender with copies of all Tax Returns and related filings with the CRA or other applicable fiscal authorities as well as copies of all Notices of Assessments, Notices of Reassessments, all similar documents and all related correspondence issued by the Tax Authorities in relation to the Tax Returns and the Tax Credit Proceeds;
  - (iv) not amend the Tax Returns or related filings without the written consent of the Lender;
  - (v) in respect of the Tax Credit Proceeds, provide the Lender with a duly executed CRA Form RC 366 Direct Deposit Request Form for Corporations

(the “**PD Form**”) such that the full amount of the Tax Credit Proceeds shall be deposited into the Designated Account and Fuel Industries covenants and agrees neither to execute and submit a new PD Form nor to contact the CRA to cancel the PD Form;

(vi) provide such documentation as may reasonably be required by the Lender to facilitate the assignment to the Lender of the refund generated by the claim for the Tax Credit Proceeds, including without limitation, providing the CRA or OMDC with the mailing address of the Lender for the purposes of the refund cheque, including, but not limited to:

A. the direction to the CRA to make payments relating to the Tax Credit Proceeds directly to the Lender, provided the Tax Credit Proceeds are not deposited in accordance with the PD Form and any other documentation as may be required by the Lender to facilitate the assignment to the Lender of the refund generated by the claim for the Tax Credit Proceeds (the “**Tax Refund**”), including, without limitation, providing the CRA with the address of the Lender for the purposes of the Tax Refund; and

B. any other prescribed documentation in respect to the Products, including all distribution and license agreements;

(j) Income Tax Refunds:

(i) to conduct business in such a manner so as not to adversely affect the right to obtain the Tax Refund;

(ii) to hold in trust in favour of the Lender and in a segregated account any portion of the Tax Refund paid by the CRA or other fiscal authority to Fuel Industries, and to pay over as soon as practicable to the Lender or as it may otherwise direct the full amount of such refund. Until such time as such amounts are provided to the Lender, they shall not be co-mingled with the funds of Fuel Industries; and

(k) notify the Lender forthwith if Fuel Industries anticipates or has received notice from any Tax Authority that the “Ontario labour expenditures” or the “eligible marketing and distribution expenditures” (as such terms are defined in the *Taxation Act* and the Regulations) in connection with the Products will be less than the estimates reflected in the federal tax credit estimate.

### 3.4 Negative Covenants of Fuel Industries

As and from the date hereof, until such time as the obligations of the Borrower under the Interim Loan Agreement have been repaid in full, Fuel Industries hereby covenants and agrees that it shall not do any of the following, without the prior written consent of the Lender:

- (a) No Assignment: Other than to its operating lender in respect of its operating credit facilities and which operating lender has entered into a subordination agreement and letter agreement with the Lender, sell, transfer or assign any of its rights or obligations hereunder, nor may it sell, transfer, assign or otherwise dispose of any part of its right, title and interest in the Products other than the customary activities of the distribution and exploitation of the Products in accordance with standards and practices of the industry without the prior written consent of the Lender.
- (b) Conflicting Agreements: Enter into any agreement with respect to the matters described herein which would impair with or interfere with the rights held by Lender pursuant to this Agreement, the Interim Loan Agreement or the Note.
- (c) Qualification: Take any action which would in any manner negatively affect or impact on the ability of the Products to qualify as an “interactive digital media product” or Fuel Industries’ entitlement to the Tax Credit Proceeds.
- (d) Charge on Products: Create, assume, enter into or permit to subsist, directly or indirectly, any charge on Fuel Industries’ interest in the Products, which will rank in priority to the Lender’s interest in the Products except as otherwise agreed by Fuel Industries and the Lender.
- (e) Fiscal Year-End: Change the fiscal year-end of Fuel Industries.

#### **ARTICLE 4 – GENERAL PROVISIONS**

##### **4.1 Enurement**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, representatives and permitted assigns.

##### **4.2 Amendments**

This Agreement cannot be modified, amended or supplemented except by a written instrument executed by each of the parties hereto. The recitals and schedules hereto are deemed to be an integral part of this Agreement and are incorporated herein by this reference.

##### **4.3 Notice**

All notice required to be given, or which may be given hereunder, shall be in writing, and shall be sent by courier delivery, telecopy or certified mail addressed to the addresses of such party set forth on the first page of this Agreement. Delivery shall be deemed made three business days after prepaid deposit, in the mail, or one business day if by courier. Notices may also be given by either party hereto by telecopy and shall be deemed to have been delivered at the first business day after the date of transmission of such telecopy.



#### **4.4 Assignment**

Fuel Industries may not assign its rights and obligations hereunder and any interest herein without the prior written consent of the Lender. The Lender shall have the right to assign its rights and obligations hereunder.

#### **4.5 Headings**

The division of this Agreement into articles, sections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the meaning and interpretation of this Agreement.

#### **4.6 Time of the Essence**

Time shall be of the essence with respect to the performance by Fuel Industries of its obligations under this Agreement.

#### **4.7 Conflicting Agreements**

Fuel Industries shall not enter into any agreement with respect to the matters described herein that would impair, conflict with or interfere with the rights held by the Lender.

#### **4.8 Enforceability**

If any one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of such provision(s) in any other jurisdiction and the validity, legality and enforceability of any other provision hereof shall not in any way be affected or impaired.

#### **4.9 Severability**

In the event that in any legal proceedings before a competent tribunal, board or commission in any jurisdiction, it is determined that any paragraph or any part of this Agreement is invalid or unenforceable with respect to any particular transaction or situation, such paragraph or part of this Agreement shall be deemed to be severed from the remainder of this Agreement for the purposes only of the particular legal proceedings in question, and this Agreement shall, in every other aspect, remain in full force and effect.

#### **4.10 Waiver**

No waiver of any term, provision or condition of this Agreement whether express or implied, whether by conduct or otherwise, in any one or more incidences, shall be valid unless the same shall be in writing and any valid written notice shall not be construed as a further or continuing waiver upon its expressed terms.

**4.11 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 party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

**4.12 Counterparts and Execution by Facsimile**

This Agreement may be executed in separate counterparts by the parties and each counterpart shall when executed and delivered be an original document, but all counterparts shall together constitute one and the same instrument. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) shall be treated as originals, fully binding and with full legal force and effect, and the Parties waive any rights they may have to object to such treatment, provided that this treatment shall be without prejudice to the obligation of the Parties to exchange original signatures as quickly as practicable after execution of this Agreement, but failure to do so shall not affect the validity, enforceability or binding affect of this Agreement.

*[Remainder of page intentionally left blank]*

This Agreement has been executed by Fuel Industries and the Lender on the date first above-mentioned.

**FUEL INDUSTRIES INC.**



Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the corporation.

**CHOU ASSOCIATES MANAGEMENT INC.**



Name: Francis Chou

Title: President

I have authority to bind the corporation.



This is Exhibit "R" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** dated as of June 22<sup>nd</sup>, 2016.

**BETWEEN:**

**ALL GIRL ARCADE INC.**

(“**Arcade Co**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**

(the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Lender and Fuel Industries Inc. (“**Fuel Industries**”) are party to a loan agreement dated February 9, 2015 (the “**Loan Agreement**”) pursuant to which the Lender extended to Fuel Industries a non-revolving, reducing credit facility in the principal amount of \$7,500,000 (“**Facility Maximum Amount**”);

**AND WHEREAS** the Lender and Fuel Technologies Inc. (the “**Borrower**”) are party to an Interim Loan Agreement dated June 22, 2016 (the “**Interim Loan Agreement**”) pursuant to which the Lender extended to the Debtor Parties an additional non-revolving, reducing credit facility in the principal amount of \$1,100,000 (the “**Interim Facility Maximum Amount**”) as evidenced by a grid promissory note (the “**Note**”) dated June 22, 2016 issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of the Interim Loan Agreement;

**AND WHEREAS** in order to secure the Borrower’s obligations to the Lender under the Interim Loan Agreement, the Note and the Loan Agreement, Arcade Co has agreed to execute and deliver this Agreement in favour of the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Interim Loan Agreement and the Note, as applicable.

## ARTICLE 2 – GRANT OF SECURITY INTEREST

### 2.1 Obligations Secured.

The Security Interest (as hereinafter defined) is granted to the Lender by Arcade Co as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement, the Interim Loan Agreement, the Note, the Loan Agreement or any other loan document (collectively, the "**Obligations**").

### 2.2 Creation of Security Interest.

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

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

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



**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of Arcade Co located on or about or in transit to or from the address of Arcade Co set out in this Agreement.

### **ARTICLE 3 - COLLATERAL**

#### **3.1 Attachment.**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, Arcade Co will, at the written request and option of the Lender: (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, Arcade Co will: (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

#### **3.2 Dealings with Collateral.**

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

#### **3.3 Notification to Account Borrowers.**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to Arcade Co in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

### **3.4 Exception re Leasehold Interests and Contractual Rights.**

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

## **ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **4.1 Representations and Warranties.**

Arcade Co hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) Arcade Co has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by Arcade Co of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) Arcade Co's registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

### **4.2 Covenants of Arcade Co.**

Arcade Co covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by Arcade Co to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause, and Arcade Co agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the Lender with certificates of insurance and

- certified copies of such policies and to name the Lender as loss payee of such policies;
- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;
  - (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
  - (f) to deliver to the Lender such information concerning the Collateral or Arcade Co as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of Arcade Co;
  - (g) to allow the Lender to have access to all premises of Arcade Co upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and Arcade Co agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
  - (h) at any time while the Obligations are outstanding hereunder, Arcade Co shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
  - (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, Arcade Co shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5 – ENFORCEMENT AND REMEDIES**

### **5.1 Enforcement.**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

### **5.2 Remedies.**

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained

in any other agreement between Arcade Co and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of Arcade Co or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to Arcade Co; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by legislation, law or equity.

### **5.3 Powers of Receiver.**

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

- (a) to enter upon, use and occupy all premises owned or occupied by Arcade Co;
- (b) to take possession of the Collateral;

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

#### **5.4 Disposition.**

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

#### **5.5 Failure of the Lender to Exercise Remedies.**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with Arcade Co, the Borrower and others and with

the Accounts as the Lender may see fit, without the prejudice to the liability of Arcade Co, the Borrower or the Lender's right to hold and realize on the Accounts.

### **5.6 Application of Payments.**

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

### **5.7 Dealings by the Lender.**

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

## **ARTICLE 6 – GENERAL PROVISIONS**

### **6.1 Notice.**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in the case of Arcade Co, addressed as follows and the Lender in accordance with the Interim Loan Agreement:

7 Hinton Ave N., Suite 100  
Ottawa, Ontario K1Y4P1

Attention: Andy Wing

E-mail: [awing@fuelyouth.com](mailto:awing@fuelyouth.com)

### **6.2 Power of Attorney.**

Arcade Co hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of Arcade Co arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of Arcade Co whenever and

wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of Arcade Co or for any other reason.

### **6.3 Separate Security.**

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

### **6.4 Lender Not Obligated to Advance.**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to Arcade Co or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

### **6.5 Amalgamation of Arcade Co.**

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

### **6.6 Amendments.**

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

### **6.7 Waivers.**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

**6.8 Assignment.**

The Lender may from time to time upon notice to, but without the consent of Arcade Co, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the “Assignee”). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. Arcade Co shall not be entitled to assign or transfer this Agreement or any of Arcade Co’s rights, duties or obligations hereunder without the prior written consent of the Lender.

**6.9 Release and Reconveyance.**

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

**6.10 Number, Gender and Persons.**

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

**6.11 Severability.**

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

**6.12 Successors and Assigns.**

This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon Arcade Co and its, legal representatives, heirs, executors, administrators, successors and permitted assigns.

**6.13 Time.**

Time shall be of the essence of this Agreement.



**6.14 Execution by E-mail.**

Delivery of an executed copy of a signature page to this Agreement by electronic transmission shall be effective as delivery of a manually executed copy of this Agreement and Arcade Co undertakes to provide the Lender with a copy of this Agreement bearing original signatures forthwith upon demand.

**6.15 Governing Law and Attornment.**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where Arcade Co has property, Arcade Co irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

**6.16 Entire Agreement.**

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

**6.17 Further Assurances.**

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

**6.18 Set-Off.**

The Lender may at any time and from time to time, without notice to Arcade Co or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of Arcade Co with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to Arcade Co, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.

**6.19 Copy of Agreement.**

Arcade Co acknowledges receipt of an executed copy of this Agreement.

*[Remainder of page intentionally left blank]*

This Agreement has been executed by the Lender and Arcade Co on the date first stated above.

**ALL GIRL ARCADE INC.**

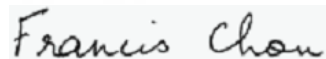


Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the corporation.

**CHOU ASSOCIATES MANAGEMENT INC.**



Name: Francis Chou

Title: President

I have authority to bind the corporation.

**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** dated as of June 22<sup>nd</sup>, 2016.

**BETWEEN:**

**FUEL ENTERTAINMENT INC.**

(“**Entertainment Co**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**

(the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Lender and Fuel Industries Inc. (“**Fuel Industries**”) are party to a loan agreement dated February 9, 2015 (the “**Loan Agreement**”) pursuant to which the Lender extended to Fuel Industries a non-revolving, reducing credit facility in the principal amount of \$7,500,000 (“**Facility Maximum Amount**”);

**AND WHEREAS** the Lender and Fuel Technologies Inc. (the “**Borrower**”) are party to an Interim Loan Agreement dated June 22, 2016 (the “**Interim Loan Agreement**”) pursuant to which the Lender extended to the Debtor Parties an additional non-revolving, reducing credit facility in the principal amount of \$1,100,000 (the “**Interim Facility Maximum Amount**”) as evidenced by a grid promissory note (the “**Note**”) dated June 22, 2016 issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of the Interim Loan Agreement;

**AND WHEREAS** in order to secure the Borrower’s obligations to the Lender under the Interim Loan Agreement, the Note and the Loan Agreement, Entertainment Co has agreed to execute and deliver this Agreement in favour of the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Interim Loan Agreement and the Note, as applicable.

## ARTICLE 2 – GRANT OF SECURITY INTEREST

### 2.1 Obligations Secured.

The Security Interest (as hereinafter defined) is granted to the Lender by Entertainment Co as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement, the Interim Loan Agreement, the Note, the Loan Agreement or any other loan document (collectively, the "Obligations").

### 2.2 Creation of Security Interest.

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

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

insurance, and all contracts, security interests and other rights and benefits in respect thereof (“**Accounts**”);

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

**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of Entertainment Co located on or about or in transit to or from the address of Entertainment Co set out in this Agreement.

### **ARTICLE 3 - COLLATERAL**

#### **3.1 Attachment.**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, Entertainment Co will, at the written request and option of the Lender: (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, Entertainment Co will: (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

#### **3.2 Dealings with Collateral.**

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

#### **3.3 Notification to Account Borrowers.**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to Entertainment Co in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

### **3.4 Exception re Leasehold Interests and Contractual Rights.**

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

## **ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **4.1 Representations and Warranties.**

Entertainment Co hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) Entertainment Co has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by Entertainment Co of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) Entertainment Co's registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

### **4.2 Covenants of Entertainment Co.**

Entertainment Co covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by Entertainment Co to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause, and Entertainment Co agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the Lender with certificates of insurance and



- certified copies of such policies and to name the Lender as loss payee of such policies;
- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;
  - (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
  - (f) to deliver to the Lender such information concerning the Collateral or Entertainment Co as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of Entertainment Co;
  - (g) to allow the Lender to have access to all premises of Entertainment Co upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and Entertainment Co agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
  - (h) at any time while the Obligations are outstanding hereunder, Entertainment Co shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
  - (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, Entertainment Co shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5 – ENFORCEMENT AND REMEDIES**

### **5.1 Enforcement.**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

### **5.2 Remedies.**

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained

in any other agreement between Entertainment Co and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of Entertainment Co or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to Entertainment Co; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by legislation, law or equity.

### **5.3 Powers of Receiver.**

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

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

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

#### **5.4 Disposition.**

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

#### **5.5 Failure of the Lender to Exercise Remedies.**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may

compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with Entertainment Co, the Borrower and others and with the Accounts as the Lender may see fit, without the prejudice to the liability of Entertainment Co, the Borrower or the Lender's right to hold and realize on the Accounts.

### **5.6 Application of Payments.**

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

### **5.7 Dealings by the Lender.**

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

## **ARTICLE 6 – GENERAL PROVISIONS**

### **6.1 Notice.**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in the case of Entertainment Co, addressed as follows and the Lender in accordance with the Interim Loan Agreement:

7 Hinton Ave N., Suite 100  
Ottawa, Ontario K1Y4P1

Attention: Andy Wing

E-mail: [awing@fuelyouth.com](mailto:awing@fuelyouth.com)

### **6.2 Power of Attorney.**

Entertainment Co hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary

or desirable to perform any obligations of Entertainment Co arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of Entertainment Co whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of Entertainment Co or for any other reason.

### **6.3 Separate Security.**

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

### **6.4 Lender Not Obligated to Advance.**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to Entertainment Co or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

### **6.5 Amalgamation of Entertainment Co.**

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

### **6.6 Amendments.**

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

### **6.7 Waivers.**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

**6.8 Assignment.**

The Lender may from time to time upon notice to, but without the consent of Entertainment Co, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the “**Assignee**”). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. Entertainment Co shall not be entitled to assign or transfer this Agreement or any of Entertainment Co’s rights, duties or obligations hereunder without the prior written consent of the Lender.

**6.9 Release and Reconveyance.**

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

**6.10 Number, Gender and Persons.**

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

**6.11 Severability.**

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

**6.12 Successors and Assigns.**

This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon Entertainment Co and its, legal representatives, heirs, executors, administrators, successors and permitted assigns.

**6.13 Time.**

Time shall be of the essence of this Agreement.

**6.14 Execution by E-mail.**

Delivery of an executed copy of a signature page to this Agreement by electronic transmission shall be effective as delivery of a manually executed copy of this Agreement and Entertainment Co undertakes to provide the Lender with a copy of this Agreement bearing original signatures forthwith upon demand.

**6.15 Governing Law and Attornment.**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where Entertainment Co has property, Entertainment Co irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

**6.16 Entire Agreement.**

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

**6.17 Further Assurances.**

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

**6.18 Set-Off.**

The Lender may at any time and from time to time, without notice to Entertainment Co or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of Entertainment Co with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to Entertainment Co, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.

**6.19 Copy of Agreement.**

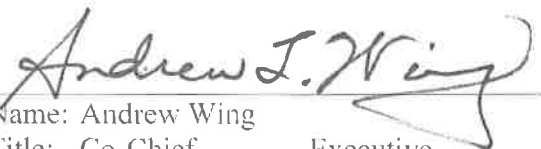
Entertainment Co acknowledges receipt of an executed copy of this Agreement.

*[Remainder of page intentionally left blank]*

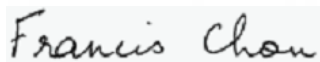


This Agreement has been executed by the Lender and Entertainment Co on the date first stated above.

**FUEL ENTERTAINMENT INC.**

  
Name: Andrew Wing  
Title: Co-Chief Executive Officer  
I have authority to bind the corporation.

**CHOU ASSOCIATES MANAGEMENT INC.**

  
Name: Francis Chou  
Title: President  
I have authority to bind the corporation.

**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** dated as of June 22<sup>nd</sup>, 2016.

**BETWEEN:**

**FUEL INDUSTRIES INC.**

(“**Fuel Industries**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**

(the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Lender and Fuel Industries are party to a loan agreement dated February 9, 2015 (the “**Loan Agreement**”) pursuant to which the Lender extended to Fuel Industries a non-revolving, reducing credit facility in the principal amount of \$7,500,000 (“**Facility Maximum Amount**”);

**AND WHEREAS** the Lender and Fuel Technologies Inc. (the “**Borrower**”) are party to an Interim Loan Agreement dated June 22, 2016 (the “**Interim Loan Agreement**”) pursuant to which the Lender extended to the Debtor Parties an additional non-revolving, reducing credit facility in the principal amount of \$1,100,000 (the “**Interim Facility Maximum Amount**”) as evidenced by a grid promissory note (the “**Note**”) dated June 22, 2016 issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of the Interim Loan Agreement;

**AND WHEREAS** in order to secure the Borrower’s obligations to the Lender under the Interim Loan Agreement, the Note and the Loan Agreement, Fuel Industries has agreed to execute and deliver this Agreement in favour of the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Interim Loan Agreement and the Note, as applicable.

## ARTICLE 2 – GRANT OF SECURITY INTEREST

### 2.1 Obligations Secured.

The Security Interest (as hereinafter defined) is granted to the Lender by Fuel Industries as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement, the Interim Loan Agreement, the Note, the Loan Agreement or any other loan document (collectively, the "**Obligations**").

### 2.2 Creation of Security Interest.

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

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

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

**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of Fuel Industries located on or about or in transit to or from the address of Fuel Industries set out in this Agreement.

### **ARTICLE 3 - COLLATERAL**

#### **3.1 Attachment.**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, Fuel Industries will, at the written request and option of the Lender: (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, Fuel Industries will: (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

#### **3.2 Dealings with Collateral.**

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

#### **3.3 Notification to Account Borrowers.**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to Fuel Industries in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

### **3.4 Exception re Leasehold Interests and Contractual Rights.**

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

## **ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **4.1 Representations and Warranties.**

Fuel Industries hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) Fuel Industries has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by Fuel Industries of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) Fuel Industries' registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

### **4.2 Covenants of Fuel Industries.**

Fuel Industries covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by Fuel Industries to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause, and Fuel Industries agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the Lender with certificates of insurance and

certified copies of such policies and to name the Lender as loss payee of such policies;

- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;
- (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
- (f) to deliver to the Lender such information concerning the Collateral or Fuel Industries as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of Fuel Industries;
- (g) to allow the Lender to have access to all premises of Fuel Industries upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and Fuel Industries agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
- (h) at any time while the Obligations are outstanding hereunder, Fuel Industries shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
- (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, Fuel Industries shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5 – ENFORCEMENT AND REMEDIES**

### **5.1 Enforcement.**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

### **5.2 Remedies.**

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained

in any other agreement between Fuel Industries and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of Fuel Industries or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to Fuel Industries; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by legislation, law or equity.

### **5.3 Powers of Receiver.**

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

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



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

#### **5.4 Disposition.**

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

#### **5.5 Failure of the Lender to Exercise Remedies.**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant

releases and discharges and otherwise deal with Fuel Industries, the Borrower and others and with the Accounts as the Lender may see fit, without the prejudice to the liability of Fuel Industries, the Borrower or the Lender's right to hold and realize on the Accounts.

### **5.6 Application of Payments.**

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

### **5.7 Dealings by the Lender.**

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

## **ARTICLE 6 – GENERAL PROVISIONS**

### **6.1 Notice.**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in the case of Fuel Industries, addressed as follows and the Lender in accordance with the Interim Loan Agreement:

7 Hinton Ave N., Suite 100  
Ottawa, Ontario K1Y4P1

Attention: Andy Wing

E-mail: [awing@fuelyouth.com](mailto:awing@fuelyouth.com)

### **6.2 Power of Attorney.**

Fuel Industries hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of Fuel Industries arising pursuant to this Agreement, and

in executing such documents and taking such actions, to use the name of Fuel Industries whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of Fuel Industries or for any other reason.

### **6.3 Separate Security.**

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

### **6.4 Lender Not Obligated to Advance.**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to Fuel Industries or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

### **6.5 Amalgamation of Fuel Industries.**

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

### **6.6 Amendments.**

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

### **6.7 Waivers.**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

**6.8 Assignment.**

The Lender may from time to time upon notice to, but without the consent of Fuel Industries, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the “Assignee”). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. Fuel Industries shall not be entitled to assign or transfer this Agreement or any of Fuel Industries’ rights, duties or obligations hereunder without the prior written consent of the Lender.

**6.9 Release and Reconveyance.**

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

**6.10 Number, Gender and Persons.**

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

**6.11 Severability.**

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

**6.12 Successors and Assigns.**

This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon Fuel Industries and its, legal representatives, heirs, executors, administrators, successors and permitted assigns.

**6.13 Time.**

Time shall be of the essence of this Agreement.

**6.14 Execution by E-mail.**

Delivery of an executed copy of a signature page to this Agreement by electronic transmission shall be effective as delivery of a manually executed copy of this Agreement and Fuel Industries undertakes to provide the Lender with a copy of this Agreement bearing original signatures forthwith upon demand.

**6.15 Governing Law and Attornment.**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where Fuel Industries has property, Fuel Industries irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

**6.16 Entire Agreement.**

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

**6.17 Further Assurances.**

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

**6.18 Set-Off.**

The Lender may at any time and from time to time, without notice to Fuel Industries or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of Fuel Industries with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to Fuel Industries, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.


**6.19 Copy of Agreement.**

Fuel Industries acknowledges receipt of an executed copy of this Agreement.

*[Remainder of page intentionally left blank]*

This Agreement has been executed by the Lender and Fuel Industries on the date first stated above.

**FUEL INDUSTRIES INC.**

  
\_\_\_\_\_

Name: Andrew Wing  
Title: Co-Chief Executive Officer  
I have authority to bind the corporation.

**CHOU ASSOCIATES MANAGEMENT INC.**

  
\_\_\_\_\_

Name: Francis Chou  
Title: President  
I have authority to bind the corporation.

**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** dated as of June 22<sup>nd</sup>, 2016.

**BETWEEN:**

**FUEL TECHNOLOGIES INC.,**

(the “**Borrower**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**

(the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Lender and Fuel Industries Inc. (“**Fuel Industries**”) are party to a loan agreement dated February 9, 2015 (the “**Loan Agreement**”) pursuant to which the Lender extended to Fuel Industries a non-revolving, reducing credit facility in the principal amount of \$7,500,000 (“**Facility Maximum Amount**”);

**AND WHEREAS** the Lender and the Borrower are party to an Interim Loan Agreement dated June 22, 2016 (the “**Interim Loan Agreement**”) pursuant to which the Lender extended to the Debtor Parties an additional non-revolving, reducing credit facility in the principal amount of \$1,100,000 (the “**Interim Facility Maximum Amount**”) as evidenced by a grid promissory note (the “**Note**”) dated June 22, 2016 issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of the Interim Loan Agreement;

**AND WHEREAS** in order to secure the Borrower’s obligations to the Lender under the Interim Loan Agreement, the Note and the Loan Agreement, the Borrower has agreed to execute and deliver this Agreement in favour of the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Interim Loan Agreement and the Note, as applicable.



## ARTICLE 2 – GRANT OF SECURITY INTEREST

### 2.1 Obligations Secured.

The Security Interest (as hereinafter defined) is granted to the Lender by the Borrower as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement, the Interim Loan Agreement, the Note, the Loan Agreement or any other loan document (collectively, the "**Obligations**").

### 2.2 Creation of Security Interest.

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

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

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

**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of the Borrower located on or about or in transit to or from the address of the Borrower set out in this Agreement.

### **ARTICLE 3 - COLLATERAL**

#### **3.1 Attachment.**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, the Borrower will, at the written request and option of the Lender: (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, the Borrower will: (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

#### **3.2 Dealings with Collateral.**

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

#### **3.3 Notification to Account Borrowers.**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

### **3.4 Exception re Leasehold Interests and Contractual Rights.**

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

## **ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **4.1 Representations and Warranties.**

The Borrower hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) the Borrower has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by the Borrower of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) the Borrower's registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

### **4.2 Covenants of Borrower.**

The Borrower covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by the Borrower to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause approved by the Insurance Bureau of Canada, and the Borrower agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the

Lender with certificates of insurance and certified copies of such policies and to name the Lender as loss payee of such policies;

- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;
- (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
- (f) to deliver to the Lender such information concerning the Collateral or the Borrower as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of the Borrower;
- (g) to allow the Lender to have access to all premises of the Borrower upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Borrower agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
- (h) at any time while the Obligations are outstanding hereunder, the Borrower shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
- (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, the Borrower shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5 – ENFORCEMENT AND REMEDIES**

### **5.1 Enforcement.**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

### **5.2 Remedies.**

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained

in any other agreement between the Borrower and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of the Borrower or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Borrower; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by legislation, law or equity.

### **5.3 Powers of Receiver.**

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

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

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

#### **5.4 Disposition.**

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

#### **5.5 Failure of the Lender to Exercise Remedies.**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the the Borrower and others and with the

Accounts as the Lender may see fit, without the prejudice to the liability of the Borrower or the Lender's right to hold and realize on the Accounts.

#### **5.6 Application of Payments.**

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

#### **5.7 Dealings by the Lender.**

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

### **ARTICLE 6 – GENERAL PROVISIONS**

#### **6.1 Notice.**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in accordance with the Interim Loan Agreement.

#### **6.2 Power of Attorney.**

The Borrower hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Borrower arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Borrower whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Borrower or for any other reason.



### **6.3 Separate Security.**

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

### **6.4 Lender Not Obligated to Advance.**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to the Borrower or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

### **6.5 Amalgamation of Borrower.**

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

### **6.6 Amendments.**

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

### **6.7 Waivers.**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

### **6.8 Assignment.**

The Lender may from time to time upon notice to, but without the consent of the Borrower, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the “Assignee”). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. The Borrower shall not be entitled to assign or transfer this Agreement or any of the Borrower’s rights, duties or obligations hereunder without the prior written consent of the Lender.

### **6.9 Release and Reconveyance.**

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

### **6.10 Subordination and Letter Agreement.**

The Lender acknowledges that its rights hereunder are subject to the subordination and letter agreement between the Lender, Royal Bank of Canada and the Borrower dated February 3, 2015, as such documents may be amended, from time to time (collectively, the “**RBC Agreements**”) and that the Borrower’s representations, warranties, covenants and agreements hereunder are subject to such RBC Agreements and that any actions or steps taken or omitted to be taken in compliance with the terms of the RBC Agreements and the priorities set out therein shall not be deemed to be an Event of Default under this Agreement.

### **6.11 Number, Gender and Persons.**

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

### **6.12 Severability.**

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

### **6.13 Successors and Assigns.**

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

### **6.14 Time.**

Time shall be of the essence of this Agreement.

**6.15 Execution by E-mail.**

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

**6.16 Governing Law and Attornment.**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where the Borrower has property, the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

**6.17 Entire Agreement.**

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

**6.18 Further Assurances.**

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

**6.19 Set-Off.**

The Lender may at any time and from time to time, without notice to the Borrower or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Borrower with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to the Borrower, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.

**6.20 Copy of Agreement.**

The Borrower acknowledges receipt of an executed copy of this Agreement.

*[Remainder of page intentionally left blank]*

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

**FUEL TECHNOLOGIES INC.**

  
Name: Andrew Wing  
Title: Co-Chief Executive Officer

I have authority to bind the corporation.

**CHOU ASSOCIATES MANAGEMENT INC.**

  
Name: Francis Chou  
Title: President

I have authority to bind the corporation.

**GENERAL SECURITY AGREEMENT**

**THIS AGREEMENT** dated as of June 22<sup>nd</sup>, 2016.

**BETWEEN:**

**FUEL INDUSTRIES (U.S.) INC.**

(“**Industries Co**”)

**OF THE FIRST PART**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.,**

(the “**Lender**”)

**OF THE SECOND PART**

**WHEREAS** the Lender and Fuel Industries Inc. (“**Fuel Industries**”) are party to a loan agreement dated February 9, 2015 (the “**Loan Agreement**”) pursuant to which the Lender extended to Fuel Industries a non-revolving, reducing credit facility in the principal amount of \$7,500,000 (“**Facility Maximum Amount**”);

**AND WHEREAS** the Lender and Fuel Technologies Inc. (the “**Borrower**”) are party to an Interim Loan Agreement dated June 22, 2016 (the “**Interim Loan Agreement**”) pursuant to which the Lender extended to the Debtor Parties an additional non-revolving, reducing credit facility in the principal amount of \$1,100,000 (the “**Interim Facility Maximum Amount**”) as evidenced by a grid promissory note (the “**Note**”) dated June 22, 2016 issued by the Borrower in favour of the Lender and pursuant to the terms and conditions of the Interim Loan Agreement;

**AND WHEREAS** in order to secure the Borrower’s obligations to the Lender under the Interim Loan Agreement, the Note and the Loan Agreement, Industries Co has agreed to execute and deliver this Agreement in favour of the Lender;

**NOW THEREFORE** for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

**1.1 Definitions**

Any capitalized term not defined in this Agreement shall have the meaning ascribed to such terms in the Interim Loan Agreement and the Note, as applicable.

## ARTICLE 2 – GRANT OF SECURITY INTEREST

### 2.1 Obligations Secured.

The Security Interest (as hereinafter defined) is granted to the Lender by Industries Co as continuing security for the payment of all present and future indebtedness and liabilities of the Borrower to the Lender, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Borrower to the Lender, whether direct or indirect, contingent or absolute, and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement, the Interim Loan Agreement, the Note, the Loan Agreement or any other loan document (collectively, the "**Obligations**").

### 2.2 Creation of Security Interest.

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

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

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



**2.3** Without limiting the generality of the description of Collateral as set out in Section 2.2, and for greater certainty, the Collateral shall include all present and future real and personal property of Industries Co located on or about or in transit to or from the address of Industries Co set out in this Agreement.

### **ARTICLE 3 - COLLATERAL**

#### **3.1 Attachment.**

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

(b) If any Securities or Instruments are now or at any time become evidenced, in whole or in part, by uncertificated securities registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, Industries Co will, at the written request and option of the Lender: (i) cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Securities or Instruments created pursuant to this Agreement or (ii) cause the Lender to have control over such Securities or Instruments.

(c) At the written request of the Lender upon the occurrence of an Event of Default which is continuing, Industries Co will: (i) cause the transfer of any Securities or Instruments to the Lender to be registered wherever such registration may be required or advisable in the reasonable opinion of the Lender, (ii) duly endorse any such Securities or Instruments for transfer in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may reasonably direct, (iii) immediately deliver to the Lender any and all consents or other documents which may be necessary to effect the transfer of any such Securities or Instruments to the Lender or any third party and (iv) deliver to or otherwise cause the Lender to have control over such Securities or Instruments.

#### **3.2 Dealings with Collateral.**

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

#### **3.3 Notification to Account Borrowers.**

The Lender may, upon the occurrence of an Event of Default which is continuing, notify any person obligated to Industries Co in respect of an Account, Chattel Paper or an Instrument to make payment to the Lender of all such present and future amounts due thereon.

### **3.4 Exception re Leasehold Interests and Contractual Rights.**

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

## **ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **4.1 Representations and Warranties.**

Industries Co hereby represents and warrants as follows to the Lender and acknowledges that the Lender is relying thereon:

- (a) Industries Co has the capacity and authority to incur the Obligations, create the Security Interest and generally perform its obligations under this Agreement;
- (b) the execution and delivery of this Agreement and the performance by Industries Co of its obligations hereunder have been duly authorized by all necessary proceedings;
- (c) Industries Co's registered office is at the address set out in Section 6.1 of this Agreement; and
- (d) the Collateral is located at the places warranted herein and at no other place.

### **4.2 Covenants of Industries Co.**

Industries Co covenants and agrees in favour of the Lender as follows:

- (a) not to further encumber the Collateral after the date hereof except for the Security Interest and except as disclosed in writing by Industries Co to the Lender;
- (b) to keep the Collateral in good condition, and to keep the Collateral located at the places warranted herein or in any other Loan Document;
- (c) to obtain from financially responsible insurance companies and maintain insurance in respect of such risks and in such amounts as the Lender may reasonably require from time to time, and such insurance shall include a standard mortgage clause, and Industries Co agrees to cause the interest of the Lender to be noted as its interest might appear on such policies of insurance (except public liability insurance), to furnish the Lender with certificates of insurance and

- certified copies of such policies and to name the Lender as loss payee of such policies;
- (d) to promptly notify the Lender of any loss or damage to the Collateral, and of any change in any information provided in this Agreement;
  - (e) to promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral;
  - (f) to deliver to the Lender such information concerning the Collateral or Industries Co as the Lender may reasonably request from time to time, including aged lists of Inventory and Accounts and annual and monthly financial statements of Industries Co;
  - (g) to allow the Lender to have access to all premises of Industries Co upon prior written notice and during normal business hours, at which Collateral may be located to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and Industries Co agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith;
  - (h) at any time while the Obligations are outstanding hereunder, Industries Co shall, at its own expense, do, make, execute or deliver all such further acts, documents and things as the Lender may reasonably require from time to time for the purpose of giving effect to the loan documents including, without limitation, for the purpose of facilitating the enforcement of the Security Interest, all immediately upon the request of the Lender; and
  - (i) to deliver to the Lender any and all Pledged Securities and other materials as may be required from time to time to provide the Lender with control over all Pledged Securities. At the request of the Lender, Industries Co shall cause all Pledged Securities certificates to be registered in the name of the Lender or its nominee as the Lender may direct in writing.

## **ARTICLE 5 – ENFORCEMENT AND REMEDIES**

### **5.1 Enforcement.**

The Security Interest shall be enforceable immediately upon the occurrence of an Event of Default which is continuing.

## 5.2 Remedies.

Upon the occurrence of an Event of Default which is continuing, the Lender shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between Industries Co and the Lender, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) the sale or lease of Collateral;
- (d) the collection of any rents, income and profits received in connection with the business of Industries Co or the Collateral;
- (e) the collection, realization, sale or other dealing with any Accounts;
- (f) the appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (g) the exercise by the Lender of any of the powers set out in Section 5.2, without the appointment of a Receiver;
- (h) proceedings in any court of competent jurisdiction for the appointment of a receiver or a receiver and manager or for the sale of the Collateral;
- (i) the filing of proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to Industries Co; and
- (j) any other remedy or proceeding authorized or permitted under the *Personal Property Security Act* (Ontario) or otherwise by legislation, law or equity.

## 5.3 Powers of Receiver.

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

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

#### **5.4 Disposition.**

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

### **5.5 Failure of the Lender to Exercise Remedies.**

The Lender shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes. The Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with Industries Co, the Borrower and others and with the Accounts as the Lender may see fit, without the prejudice to the liability of Industries Co, the Borrower or the Lender's right to hold and realize on the Accounts.

### **5.6 Application of Payments.**

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

### **5.7 Dealings by the Lender.**

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

## **ARTICLE 6 – GENERAL PROVISIONS**

### **6.1 Notice.**

Any demand, notice, direction or other communication to be made or given hereunder shall be made or given in the case of Industries Co, addressed as follows and the Lender in accordance with the Interim Loan Agreement:

7 Hinton Ave N., Suite 100  
Ottawa, Ontario K1Y4P1

Attention: Andy Wing

E-mail: [awing@fuelyouth.com](mailto:awing@fuelyouth.com)

## **6.2 Power of Attorney.**

Industries Co hereby constitutes and appoints the Lender or any officer thereof as its true and lawful attorney, effective upon the occurrence of an Event of Default that is continuing, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of Industries Co arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of Industries Co whenever and wherever it may be considered necessary or expedient. These powers are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full and this Agreement is terminated and the Security Interest created herein has been released. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of Industries Co or for any other reason.

## **6.3 Separate Security.**

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

## **6.4 Lender Not Obligated to Advance.**

Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to Industries Co or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

## **6.5 Amalgamation of Industries Co.**

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

## **6.6 Amendments.**

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

**6.7 Waivers.**

The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

**6.8 Assignment.**

The Lender may from time to time upon notice to, but without the consent of Industries Co, assign or transfer this Agreement and the Obligations or any portion thereof or interest therein to any other party (the “Assignee”). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. Industries Co shall not be entitled to assign or transfer this Agreement or any of Industries Co’s rights, duties or obligations hereunder without the prior written consent of the Lender.

**6.9 Release and Reconveyance.**

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

**6.10 Number, Gender and Persons.**

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

**6.11 Severability.**

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



**6.12 Successors and Assigns.**

This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon Industries Co and its, legal representatives, heirs, executors, administrators, successors and permitted assigns.

**6.13 Time.**

Time shall be of the essence of this Agreement.

**6.14 Execution by E-mail.**

Delivery of an executed copy of a signature page to this Agreement by electronic transmission shall be effective as delivery of a manually executed copy of this Agreement and Industries Co undertakes to provide the Lender with a copy of this Agreement bearing original signatures forthwith upon demand.

**6.15 Governing Law and Attornment.**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction where Industries Co has property, Industries Co irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

**6.16 Entire Agreement.**

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

**6.17 Further Assurances.**

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

**6.18 Set-Off.**

The Lender may at any time and from time to time, without notice to Industries Co or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of Industries Co with the Lender (which for greater certainty includes any affiliate of the Lender) and any indebtedness and liability of the Lender (which for greater certainty includes any affiliate of the Lender) to Industries Co, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.

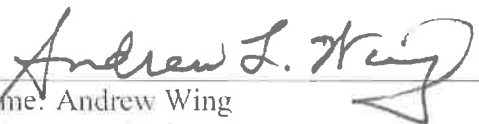
**6.19 Copy of Agreement.**

Industries Co acknowledges receipt of an executed copy of this Agreement.

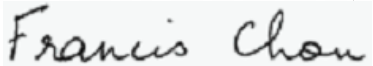
*[Remainder of page intentionally left blank]*

This Agreement has been executed by the Lender and Industries Co on the date first stated above.

**FUEL INDUSTRIES (U.S.) INC.**

  
Name: Andrew Wing  
Title: Co-Chief Executive Officer  
I have authority to bind the corporation.

**CHOU ASSOCIATES MANAGEMENT INC.**

  
Name: Francis Chou  
Title: President  
I have authority to bind the corporation.

This is Exhibit "S" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**Sanja Sopic**

---

**From:** Francis Chou <fchou@choufunds.com>  
**Sent:** Wednesday, July 26, 2017 3:45 PM  
**To:** Lynn Hu  
**Subject:** FW: Update?

---

**From:** Francis Chou  
**Sent:** Friday, September 30, 2016 2:04 PM  
**To:** Andy Wing <[awing@fuelyouth.com](mailto:awing@fuelyouth.com)>; Tracy Chou <[tracy@choufunds.com](mailto:tracy@choufunds.com)>; [jwright@owenswright.com](mailto:jwright@owenswright.com)  
**Cc:** Julie Allen <[jallen@fuelindustries.com](mailto:jallen@fuelindustries.com)>; [tachou@gmail.com](mailto:tachou@gmail.com); Stephanie Yim <[syim@choufunds.com](mailto:syim@choufunds.com)>  
**Subject:** RE: Update?

Andy,  
We will grant you the extension to November 30, 2016 subject to the same provisions.  
Francis

---

**From:** Andy Wing [<mailto:awing@fuelyouth.com>]  
**Sent:** Thursday, September 29, 2016 7:56 PM  
**To:** Tracy Chou; Francis Chou  
**Cc:** Julie Allen; [tachou@gmail.com](mailto:tachou@gmail.com)  
**Subject:** Re: Update?

+Francis

Tracy,

As a follow up to our phone call, I spoke with SharkReach's CFO Mark Gustavson today.

Mark reconfirmed that SharkReach is on track for the targeted October 15 closing with the understanding that \$4.4million of Chou Management Fund's loan will be extended and secured by Fuel's 2013-2016 OIDMTC tax credit receivables (consistent with our recent conversations.) The remaining unsecured portion will be paid off at closing.

Francis,

RBC has reached out to us recognizing that your current notes expire tomorrow, Sept 30, 2016. They have asked if you will provide an extension up to Dec 31, 2016 to accommodate the closing of this transaction and protect their position for our current \$750k operating line of credit.

# 314

We would truly appreciate your support in extending your maturity dates with the understanding that any tax credit proceeds (2013 reimbursement of \$2mm expected on or before Nov. 30, 2016) will be reimbursed to you immediately. Further, upon closing the SharkReach transaction, you will receive the remaining outstanding principal and interest above and beyond the secured \$4.4mm.

Please advise any questions. I am happy to discuss any time tonight or tomorrow morning.

If you concur, please send me your approved extension in a new email chain that I can forward to RBC.

Many thanks.

Andy

323-646-1717

---

**From:** Tracy A Chou <[tachou@gmail.com](mailto:tachou@gmail.com)>  
**Sent:** Thursday, September 29, 2016 9:04 AM  
**To:** Andy Wing  
**Cc:** Tracy Chou; Julie Allen  
**Subject:** Re: Update?

312-307-8722

On Thu, Sep 29, 2016 at 9:03 AM, Andy Wing <[awing@fuelyouth.com](mailto:awing@fuelyouth.com)> wrote:

Hi Tracy,

Can you resend me your mobile number?

Thanks.

Andy

On Sep 28, 2016, at 2:57 PM, Tracy A Chou <[tachou@gmail.com](mailto:tachou@gmail.com)> wrote:

Perfect. Thanks Andy

Sent from my iPhone

On Sep 28, 2016, at 2:29 PM, Andy Wing <[awing@fuelyouth.com](mailto:awing@fuelyouth.com)> wrote:

Will try you tomorrow around 9am pt.

Work for you?

On Sep 28, 2016, at 4:32 PM, Tracy Chou <[tracy@choufunds.com](mailto:tracy@choufunds.com)> wrote:

I'm actually in and out of transit for the rest of the afternoon.  
Does tomorrow morning work for you?

Tracy

Get [Outlook for iOS](#)

On Wed, Sep 28, 2016 at 1:23 PM -0700, "Andy Wing"  
<[awing@fuelyouth.com](mailto:awing@fuelyouth.com)> wrote:

Tracy,  
Are you available for an update call at 2p pt today?  
Andy

On Sep 28, 2016, at 3:42 PM, Tracy Chou <[tracy@choufunds.com](mailto:tracy@choufunds.com)>  
wrote:

Hi Andy/Julie,

Has there been an update on the acquisition side  
yet? And how is the cash flow looking for this  
week?

Also, we have an interest payment upcoming and  
we were wondering what your plans are for it?

Thanks  
Tracy

Get [Outlook for iOS](#)

--  
Tracy A Chou  
Email: [tachou@gmail.com](mailto:tachou@gmail.com)

**Sanja Sopic**

---

**From:** Francis Chou <fchou@choufunds.com>  
**Sent:** Monday, April 03, 2017 12:11 PM  
**To:** Sydney Kert  
**Subject:** FW: Fuel Industries/Fuel Technologies Loan extension

---

**From:** Francis Chou  
**Sent:** Friday, December 30, 2016 7:03 PM  
**To:** 'Andy Wing' <[awing@fuelyouth.com](mailto:awing@fuelyouth.com)>  
**Subject:** RE: Fuel Industries/Fuel Technologies Loan extension

Hi Andy,

I agree with the terms and conditions as mentioned in your email below.

Francis

---

**From:** Andy Wing [<mailto:awing@fuelyouth.com>]  
**Sent:** Friday, December 30, 2016 6:23 PM  
**To:** Francis Chou <[fchou@choufunds.com](mailto:fchou@choufunds.com)>  
**Subject:** Fuel Industries/Fuel Technologies Loan extension

Hi Francis,

**We would appreciate your extension of the respective Fuel Industries Inc and Fuel Technologies Inc Loan Agreements to March 31, 2017. We acknowledge that the balance due on or before March 31, 2017 will equal the remaining outstanding principal balance for the two notes plus the accrued interest for the respective loans to date.**

**Further, any 2013 OIDMTC tax credit receipts for Certificate 16M01405 in excess of \$1,592,273 shall be applied dollar for dollar to the outstanding principal of the Fuel Industries loan balance. (eg. If \$1,892,273 is received, the \$300,000 difference would reduce the outstanding principal loan balance of \$5,690,889 due to \$5,390,889.) Conversely, should the 2013 OIDMTC tax credit receipts received be less than \$1,592,273, the difference will decrease the original loan reduction of \$738,876, thereby increasing the outstanding loan balance of \$5,690,889 accordingly dollar for dollar (e.g. if \$1,392,273 is received, the \$200,000 difference would increase the outstanding principal loan balance of \$5,690,889 due to \$5,890,889). Note that the original principal loan balance of \$6,429,765 was reduced by \$738,876 to \$5,690,889 in accordance with the Purchase Agreement: OIDMTC Credit dated January 2, 2017 (unless of course the OIDMTC Tax Credit is not received by Chou on or before April 30, 2017 or such later date as we may both agree to in writing in accordance with the Purchase Agreement: OIDMTC Credit, in which case the principal loan balance will be reverted to \$6,429,765).**



Please let me know if you concur.

Thank you.

Andy

**fuel**

GENERATION PLAY

**Andy Wing | Chief Executive Officer; Chairman, Executive Committee**

**T:** +1(310) 237-4319 | **M:** +1(323) 646-1717

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

This is Exhibit "T" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits



RBC Royal Bank®

Jeff Dixon  
Account Manager – Technology Banking

Royal Bank of Canada  
90 Sparks Street, 2<sup>nd</sup> Floor  
Ottawa, Ontario K1P 5T6  
Tel. : 613-564-2737  
Fax: 613-564-2865  
e-mail: [jeff.dixon@rbc.com](mailto:jeff.dixon@rbc.com)

**Private and Confidential**

October 29, 2013

Fuel Industries Inc.  
7 Hinton Avenue North, Suite 100  
Ottawa, Ontario  
K1Y 4P1

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated October 29, 2012 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, defaults or Events of Default.

**BORROWER**

Fuel Industries Inc. (the "Borrower")

**CREDIT FACILITIES**

Facility (1): \$1,000,000.00 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 3.50 %

b) RBUSBR based loans in US currency ("RBUSBR Loans")

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBUSBR + 3.50 %

**Availability**

The Borrower may borrow, convert, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "Borrowing Limit"):

- a) 75% of Good Canadian/US Accounts Receivable;
- b) 90% of Good EDC Accounts Receivable;
- c) 65% of Good Foreign Accounts Receivable.

**Repayment**

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

**General Account**

The Borrower shall establish current accounts with the Bank in each of Canadian currency and US currency (each a "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of each General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility.

**Facility (2):** \$290,000.00 non-revolving term facility fully drawn by way of RBP based loans ("RBP Loans"). Interest rate (per annum) RBP + 3.00%.

**Repayment**

Payment Amount:	\$10,000.00	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	Payment date:	4th of each month
Repayable in full on:	March 4, 2016	Current remaining amortization (months)	29

**FEES:****One Time Fees:**

Payable upon acceptance of this Agreement or as agreed upon between the Borrower and the Bank.

Negotiation Fee: \$500.00

**Monthly Fees:**

Payable in arrears on the same day of each month.

Monthly Management Fee: \$400.00

**Other Fees:****Renewal Fee:**

If the Bank renews or extends any term facility or term loan beyond its Maturity Date, an additional renewal fee may be payable in connection with any such renewal in such amount as the Bank may determine and notify the Borrower.

**SECURITY**

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "Security"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$600,000.00, signed by 7189966 Canada Limited;
- c) Postponement and Assignment of Claim on the Bank's form 918 signed by 7189966 Canada Limited;
- d) Portfolio monitoring and securities control agreement signed by the Bank, RBC Dominion Securities Inc. ("RBCDS"), and the Borrower covering an investment portfolio of securities held in an account maintained with ("RBCDS") (the "Investment Account"), supported by a Security Agreement on the Bank's form 1032 signed by the Borrower constituting a first ranking security interest in the securities held in "Investment Account";
- e) Priority Agreement between the Bank, the Borrower, 1384411 Ontario Ltd., Alterinvest II Fund, and Business Development Bank of Canada ("BDC");
- f) Indemnity Agreement executed by the Borrower and 7189966 Canada Limited providing certain indemnifications to the benefit of the Bank.

**REPORTING REQUIREMENTS**

The Borrower will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate including reports described therein, substantially in the form of Schedule "G" signed on behalf of the Borrower by any one of the Chief Executive Officer, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 30 days of each month end;
- b) monthly in-house financial statements for the Borrower, within 30 days of each month end;
- c) annual audited financial statements for the Borrower, within 120 days of each fiscal year end;
- d) such other financial and operating statements and reports as and when the Bank may reasonably require.

**CONDITIONS PRECEDENT**

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) confirmation from the Borrower's other debt providers of support for increase under Facility (1);
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

**GOVERNING LAW JURISDICTION**

Province of Ontario.

**OTHER INFORMATION/REQUIREMENTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower will advise the Bank should the contract with McDonald's Restaurants be terminated or not renewed as the loss of the contract will be treated as a material adverse event.

**ACCEPTANCE**

This Agreement is open for acceptance until **November 29, 2013**, after which date it will be null and void, unless extended in writing by the Bank.

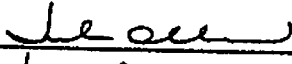

**ROYAL BANK OF CANADA**

  
Jeff Dixon  
Account Manager

vk

We acknowledge and accept the terms and conditions of this Agreement on this 7<sup>th</sup> day of November, 2013.

**FUEL INDUSTRIES INC.**

Per:   
Name: JULIE ALLEN  
Title: VP FINANCE  
Per:   
Name: DAVE OZICKO  
Title: COO, FOUNDER

I/We have the authority to bind the Borrower.

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Borrowing Limit Certificate
- RBC Covarity Dashboard Terms and Conditions

## TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree with the Bank as follows:

### REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("Reducing Term Loan/Facility"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("Renewal Letter") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

### PREPAYMENT

Where Borrowings are by way of RBP Loans or RBUSBR Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

### EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

**GENERAL COVENANTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;



- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and;
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

#### **FEES, COSTS AND EXPENSES**

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

#### **GENERAL INDEMNITY**

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any Event of Default, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

#### **AMENDMENTS AND WAIVERS**

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

#### **SUCCESSORS AND ASSIGNS**

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

**GAAP**

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

**SEVERABILITY**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

**GOVERNING LAW**

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

**DEFAULT BY LAPSE OF TIME**

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

**SET-OFF**

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

**NOTICES**

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

**CONSENT OF DISCLOSURE**

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

**NON-MERGER**

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

**JOINT AND SEVERAL**

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

**LIFE AND DISABILITY INSURANCE**

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under Business Loan Insurance Plan Policy 51000 ("Policy") issued by Sun Life Assurance Company of Canada to the Bank and the Borrower hereby waives this offer or acknowledges it is ineligible for this offer and acknowledges that Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If there are any discrepancies between the insurance information above, and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any such loan to which this coverage applies. Refer to the Business Loan Insurance Plan application (form 3460 Eng or 53460 Fr) for further explanation and disclosure.

**COUNTERPART EXECUTION**

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

**ELECTRONIC MAIL AND FAX TRANSMISSION**

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an originally signed document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

**ELECTRONIC IMAGING**

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

**REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Bank that:

- a) if it is a corporation, it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default;

- 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 and Health and Safety Laws 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 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 the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing hereunder.

#### **LANGUAGE**

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

#### **WHOLE AGREEMENT**

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

#### **EXCHANGE RATE FLUCTUATIONS**

If, for any reason, the amount of Borrowings outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

#### **JUDGEMENT CURRENCY**

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "Judgement Currency") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

**EVENTS OF DEFAULT**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an "Event of Default" which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, term or condition contained in this Agreement, the Security or any other agreement delivered to the Bank or in any documentation relating hereto or thereto;
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
- e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
- f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect; or
- g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.

**Schedule "A"****DEFINITIONS**

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

**"Applicable Laws"** means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

**"Borrowing"** means each use of a Credit Facility and all such usages outstanding at any time are "Borrowings";

**"Business Day"** means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

**"Canadian/US Accounts Receivable"** means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in the US or Canada;

**"Contaminant"** includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

**"EDC Accounts Receivable"** means trade accounts receivable of the Borrower, where the payment has been insured by Export Development Canada ("EDC"), and the Bank has been provided with a duly executed Direction to Pay supported by a copy of the applicable insurance policy and any renewals thereof;

**"Environmental Activity"** means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

**"Environmental and Health and Safety Laws"** means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

**"Equivalent Amount"** means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

**"Foreign Accounts Receivable"** means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in Australia, Belgium, Germany, Italy, the United Kingdom or the Hong Kong Special Administrative Region of the People's Republic of China;

**"Good Canadian/US Accounts Receivable"** means Canadian/US Accounts Receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good] (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

**"Good EDC Accounts Receivable"** means EDC Accounts Receivable, excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

**"Good Foreign Accounts Receivable"** means Foreign Accounts Receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

**"Guarantor"** means any Person who has guaranteed the obligations of the Borrower under this Agreement;

**"Maturity Date"** means the date on which a facility is due and payable in full;

**"Permitted Encumbrances"** means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

**"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

**"Potential Prior-Ranking Claims"** means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

**"RBP" and "Royal Bank Prime"** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

**"RBUSBR" and "Royal Bank US Base Rate" each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;**

**"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;**

**"US" means United States of America.**



**Schedule "B"****CALCULATION AND PAYMENT OF INTEREST AND FEES****LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

**OVERDUE PAYMENTS**

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

**EQUIVALENT YEARLY RATES**

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

**TIME AND PLACE OF PAYMENT**

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

**RBP LOANS AND RBUSBR LOANS**

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

Schedule "G"

**BORROWING LIMIT CERTIFICATE**

I, \_\_\_\_\_, representing the Borrower hereby certify as of \_\_\_\_\_ :

1. I am familiar with and have examined the provisions of the Agreement dated October 29, 2013 and any amendments thereto, between Fuel Industries Inc., as Borrower, and Royal Bank of Canada, as the Bank and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.

2. The Borrowing Limit is \$ \_\_\_\_\_, calculated as follows:

<b>Total accounts receivables owing by Persons located in Canada - total Canadian Accounts Receivable</b>		\$0.00
Less:	a) Accounts, any portion of which exceeds 90 days	\$0.00
	b) Accounts due from affiliates	\$0.00
	c) "Under 90 days" accounts where collection is suspect	\$0.00
	d) Accounts subject to prior encumbrances	\$0.00
	e) Holdbacks, contra-accounts or rights of set-off	\$0.00
	f) Accounts included elsewhere in the Borrowing Limit calculation	\$0.00
	g) Other ineligible accounts	\$0.00
Plus:	h) Under 90 day portion of accounts included in (a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$0.00
<b>Good Canadian Accounts Receivable</b>		A \$0.00
<b>Marginal Good Canadian Accounts Receivable at 75 % of A</b>		@ 75% %
		B \$0.00
<b>Total accounts receivables owing by Persons located in US - total US Accounts Receivable</b>		\$0.00
Less:	a) Accounts, any portion of which exceeds 90 days	\$0.00
	b) Accounts due from affiliates	\$0.00
	c) "Under 90 days" accounts where collection is suspect	\$0.00
	d) Accounts subject to prior encumbrances	\$0.00
	e) Holdbacks, contra-accounts or rights of set-off	\$0.00
	f) Accounts included elsewhere in the Borrowing Limit calculation	\$0.00
	g) Other ineligible accounts	\$0.00
Plus:	h) Under 90 day portion of accounts included in (a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$0.00
<b>Good US Accounts Receivable</b>		C \$0.00
<b>Conversion rate 1.00</b>		@ 75% %
<b>Marginal Good US Accounts Receivable at 75 % of C</b>		D \$0.00
<b>Total EDC Accounts Receivable</b>		\$0.00
Less:	a) Accounts, any portion of which exceeds 90 days	\$0.00
	b) Accounts due from affiliates	\$0.00
	c) "Under 90 days" accounts where collection is suspect	\$0.00
	d) Accounts subject to prior encumbrances	\$0.00
	e) Holdbacks, contra-accounts or rights of set-off	\$0.00
	f) Other ineligible accounts	\$0.00
Plus:	g) Under 90 day portion of accounts included in (a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$0.00
<b>Good EDC Accounts Receivable</b>		E \$0.00
<b>Marginal Good EDC Accounts Receivable at 90 % of E</b>		@ 90% %
		F \$0.00

<b>Total Foreign Accounts Receivable</b>		<b>\$0.00</b>
Less:	a) Accounts, any portion of which exceeds 90 days	\$0.00
	b) Accounts due from affiliates	\$0.00
	c) "Under 90 days" accounts where collection is suspect	\$0.00
	d) Accounts subject to prior encumbrances	\$0.00
	e) Holdbacks, contra-accounts or rights of set-off	\$0.00
	f) Accounts included elsewhere in the Borrowing Limit calculation	\$0.00
	g) Other ineligible accounts	\$0.00
Plus:	h) Under 90 day portion of accounts included in (a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$0.00

<b>Good Foreign Accounts Receivable</b>	<b>G</b>	<b>\$0.00</b>	
	<b>@</b>	<b>65%</b>	<b>%</b>
<b>Marginal Good Foreign Accounts Receivable at 65 % of G</b>	<b>H</b>	<b>\$0.00</b>	

<b>Less:</b>	<b>Potential Prior-Ranking Claims while not limited to these may include:</b>	
	Sales tax, Excise & GST	\$0.00
	Employee source deductions such as E.I., CPP, Workers Compensation Board	\$0.00
	Wages, Commissions, Vacation Pay	\$0.00
	Unpaid Pension Plan Contributions	\$0.00
	Overdue Rent, Property & Business Tax and potential claims from third parties such as subcontractors	\$0.00
	Other	\$0.00
	<b>Total Potential Prior-Ranking Claims</b>	<b>I</b>

**Borrowing Limit (B+D+F+H-I)** **\$0.00**

**Less: Facility (1)** **\$0.00**

**Margin Surplus (Deficit)** **\$0.00**

3. Annexed hereto are the following reports in respect of the Borrower:

- a) aged list of accounts receivable,
- b) aged list of accounts payable,
- c) aged list of EDC insured accounts receivable indicating country of origin for each receivable and most recent credit approval listing from EDC supported by direction to Pay from EDC.
- d) listing of Potential Prior-ranking Claims.

4. The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.

5. The Borrower has no creditors in Australia, Belgium, Germany, Italy, The United Kingdom or the Hong Kong Special Administrative Region of the People's Republic of China.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**FUEL INDUSTRIES INC.**

Per:

Name:

Title:

## Schedule "J"

## RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("RBC Covarity Dashboard") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "Service"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of, the Agreement.

**1. Definitions.** For the purpose of the RBC Covarity Dashboard Terms and Conditions:

**"Disabling Code"** means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

**"Designated User"** an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

**"Electronic Channel"** means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

**"Electronic Communication"** means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

**"Electronically Submitted Certificates"** means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

**"Electronically Uploaded Financial Information"** means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

**"Internet"** means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

**"Password"** means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

**"Security Breach"** means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

**"Security Device"** means a combination of a User ID and Password.

**"Software"** means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

**"User ID"** means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

**"Virus"** means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

**2. Access to the Service.** The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

**3. Security Devices.** The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

**4. Security.** Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

**5. Unsecure Electronic Channels.** The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

**6. Notice of Security Breach.** The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

**7. Binding Effect.** Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

**8. Representations and Warranties.** The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

**9. Evidence.** Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

**10. Limitation of Liability.** The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

**11. Termination.** The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

**12. Amendment.** The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.



RBC Royal Bank®

Jeff Dixon  
Senior Commercial Account Manager  
Knowledge Based Industries

Royal Bank of Canada  
Technology Banking Group  
90 Sparks Street, 2<sup>nd</sup> Floor  
Ottawa, Ontario K1P 5T6  
Tel.: 613-564-2737  
Fax: 613-564-2865  
e-mail: [jeffrey.dixon@rbc.com](mailto:jeffrey.dixon@rbc.com)

March 18, 2014

Private and Confidential

Fuel Industries Inc.  
7 Hinton Avenue North, Suite 100  
Ottawa, Ontario K1Y 4P1

We refer to the agreement dated October 29, 2013 between Fuel Industries Inc., as the "Borrower" and Royal Bank of Canada, as the "Bank" (the "Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or event of default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Agreement is amended as follows:

1. Facility (2) under the CREDIT FACILITIES section is deleted in its entirety.
2. Paragraph d) outlined below is deleted from the SECURITY section:
  - d) Portfolio monitoring and securities control agreement signed by the Bank, RBC Dominion Securities Inc. ("RBCDS"), and the Borrower covering an investment portfolio of securities held in an account maintained with ("RBCDS") (the "Investment Account"), supported by a Security Agreement on the Bank's form 1032 signed by the Borrower constituting a first ranking security agreement in the securities held in "Investment Account".

BUSINESS LOAN INSURANCE PLAN

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under the Business Loan Insurance Plan Policy 51000 ("Policy") issued by the Sun Life Assurance Company of Canada to the Bank and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased amount for the Borrowings that may be eligible.



Should the Borrower decide to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 Eng or 53460 Fr). However, should the Borrower decide not to apply, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the offer.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any loan to which this coverage applies. Refer to the Business Loan Insurance Plan application for further explanation and disclosure.

#### CONDITION PRECEDENT

The effectiveness of this amending agreement is conditional upon receipt of a duly executed copy of this amending agreement.

#### COUNTERPART EXECUTION

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until April 17, 2014, after which date it will be null and void, unless extended in writing by the Bank.

#### ROYAL BANK OF CANADA



Jeff Dixon  
Senior Commercial Account Manager  
Knowledge Based Industries

/jc

Agreed to and accepted this 18 day of MARCH, 2014.

#### FUEL INDUSTRIES INC.

Per: Julie Allan  
Name: Julie Allan  
Title: VP FINANCE  
I/We have the authority to bind the Borrower.

Per: Dave Deipko  
Name: Dave Deipko  
Title: COO



**RBC Royal Bank®**

**Jonathon Sullivan**  
Senior Account Manager – Technology Banking

**Royal Bank of Canada**  
90 Sparks Street, 2<sup>nd</sup> Floor  
Ottawa, Ontario K1P 5T6  
Tel. : 613-564-2002  
Fax: 613-564-2865  
e-mail: [jonathon.sullivan@rbc.com](mailto:jonathon.sullivan@rbc.com)

**Private and Confidential**

February 3, 2015

Fuel Industries Inc.  
7 Hinton Avenue North, Suite 100  
Ottawa, Ontario  
K1Y 4P1

ROYAL BANK OF CANADA (the “**Bank**”) hereby confirms the credit facilities described below (the “**Credit Facilities**”) subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the “**Agreement**”). This Agreement amends and restates without novation the existing agreement dated October 29, 2013 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or events of default.

**BORROWER**

Fuel Industries Inc. (the “**Borrower**”) resulting from the amalgamation of Fuel Industries Inc. and 2448783 Ontario Inc.

**CREDIT FACILITIES**

**Facility (1):** \$750,000.00 revolving demand facility by way of:

a) RBP based loans (“**RBP Loans**”)

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 3.50 %

b) RBUSBR based loans in US currency (“**RBUSBR Loans**”)

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBUSBR + 3.50 %

**Availability**

The Borrower may borrow, convert, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "**Borrowing Limit**"):

- a) 75% of Good Canadian/US Accounts Receivable;
- b) 90% of Good EDC Accounts Receivable;
- c) 65% of Good Foreign Accounts Receivable.

**Repayment**

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

**General Account**

The Borrower shall establish current accounts with the Bank in each of Canadian currency and US currency (each a "**General Account**") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of each General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility.

**FEES:****Monthly Fees:**

Payable in arrears on the same day of each month.

Monthly Management Fee \$200.00

**SECURITY**

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "**Security**"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower ;
- b) General security agreement on the Bank's form 924 to be signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower ;
- c) Inter-creditor Agreement (including satisfactory Stand Still Clause) to be signed by the Borrower, the Bank, and Chou Associates Management Inc.

**REPORTING REQUIREMENTS**

The Borrower will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate including reports described therein, substantially in the form of Schedule "G" signed on behalf of the Borrower by any one of the Chief Executive Officer, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 30 days of each month end;
- b) monthly in-house consolidated financial statements for the Borrower, within 30 days of each month end;
- c) annual in-house financial statements for the Borrower, within 120 days of each fiscal year end;
- d) annual audited consolidated financial statements for the Borrower, within 120 days of each fiscal year end;
- e) such other financial and operating statements and reports as and when the Bank may reasonably require.

**CONDITIONS PRECEDENT**

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

**BUSINESS LOAN INSURANCE PLAN**

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under the Business Loan Insurance Plan Policy 51000 ("Policy") issued by the Sun Life Assurance Company of Canada to the Bank and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased amount for the Borrowings that may be eligible.

Should the Borrower decide to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 Eng or 53460 Fr). However, should the Borrower decide not to apply, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the offer.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any loan to which this coverage applies. Refer to the Business Loan Insurance Plan application for further explanation and disclosure.

**GOVERNING LAW JURISDICTION**

Province of Ontario.

**OTHER INFORMATION/REQUIREMENTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

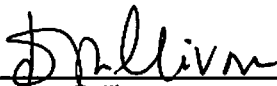
a) will advise the Bank should the contract with McDonald's Restaurants be terminated or not renewed as the loss of the contract will be treated as a material adverse event;

b) will provide confirmation that the balance of the Chou loan has been extended, converted to equity, or replaced by another debt or equity provider in a manner satisfactory to the Bank, by October 31, 2015

**ACCEPTANCE**

This Agreement is open for acceptance until March 3, 2015, after which date it will be null and void, unless extended in writing by the Bank.

**ROYAL BANK OF CANADA**




Jonathon Sullivan  
Senior Account Manager

\kb\mf

We acknowledge and accept the terms and conditions of this Agreement on this 10<sup>th</sup> day of February, 2015.

**FUEL INDUSTRIES INC.**

Per: 

Name: Andrew Wing

Title: co-CEO

Per: 

Name: co-CEO MIKE BURASS

Title:

I/We have the authority to bind the Borrower.

\attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Borrowing Limit Certificate
- RBC Covarity Dashboard Terms and Conditions

## TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree with the Bank as follows:

### REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("**Reducing Term Loan/Facility**"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("**Renewal Letter**") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

### PREPAYMENT

Where Borrowings are by way of RBP Loans or RBUSBR Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

### EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "**Accounts**") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

**GENERAL COVENANTS**

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event 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;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;

- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and;
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

#### **FEES, COSTS AND EXPENSES**

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

#### **GENERAL INDEMNITY**

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

#### **AMENDMENTS AND WAIVERS**

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

#### **SUCCESSORS AND ASSIGNS**

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.



**GAAP**

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

**SEVERABILITY**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

**GOVERNING LAW**

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

**DEFAULT BY LAPSE OF TIME**

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

**SET-OFF**

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

**NOTICES**

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

**CONSENT OF DISCLOSURE**

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

**NON-MERGER**

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

**JOINT AND SEVERAL**

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

**COUNTERPART EXECUTION**

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

**ELECTRONIC MAIL AND FAX TRANSMISSION**

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an originally signed document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

**ELECTRONIC IMAGING**

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

**REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) 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 or any other agreement delivered to the Bank;
- 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 and Health and Safety Laws 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 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 the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing hereunder.

**LANGUAGE**

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

**WHOLE AGREEMENT**

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

**EXCHANGE RATE FLUCTUATIONS**

If, for any reason, the amount of Borrowings outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

**JUDGEMENT CURRENCY**

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

**Schedule "A"****DEFINITIONS**

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

**"Applicable Laws"** means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

**"Borrowing"** means each use of a Credit Facility and all such usages outstanding at any time are "Borrowings";

**"Business Day"** means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

**"Canadian/US Accounts Receivable"** means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in the US or Canada;

**"Contaminant"** includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

**"EDC Accounts Receivable"** means trade accounts receivable of the Borrower, where the payment has been insured by Export Development Canada ("EDC"), and the Bank has been provided with a duly executed Direction to Pay supported by a copy of the applicable insurance policy and any renewals thereof;

**"Environmental Activity"** means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

**"Environmental and Health and Safety Laws"** means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

**"Equivalent Amount"** means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

**"Foreign Accounts Receivable"** means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in Australia, Belgium, Germany, Italy, the United Kingdom or the Hong Kong Special Administrative Region of the People's Republic of China;

**"Good Canadian/US Accounts Receivable"** means Canadian/US Accounts Receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good] (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

**“Good EDC Accounts Receivable”** means EDC Accounts Receivable, excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

**“Good Foreign Accounts Receivable”** means Foreign Accounts Receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, (vi) those trade accounts receivable included elsewhere in the Borrowing Limit calculation, or (vii) any accounts which the Bank has previously advised to be ineligible;

**“Guarantor”** means any Person who has guaranteed the obligations of the Borrower under this Agreement;

**“Maturity Date”** means the date on which a facility is due and payable in full;

**“Permitted Encumbrances”** means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

**“Person”** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

**“Potential Prior-Ranking Claims”** means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

**“RBP”** and **“Royal Bank Prime”** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

**“RBUSBR”** and **“Royal Bank US Base Rate”** each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;

**“Release”** includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

**“US”** means United States of America.

**Schedule "B"****CALCULATION AND PAYMENT OF INTEREST AND FEES****LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

**OVERDUE PAYMENTS**

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

**EQUIVALENT YEARLY RATES**

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

**TIME AND PLACE OF PAYMENT**

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

**RBP LOANS AND RBUSBR LOANS**

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

## Schedule "G"

## BORROWING LIMIT CERTIFICATE

I, \_\_\_\_\_, representing the Borrower hereby certify as of

\_\_\_\_\_  
 (Insert last day of month/quarter as applicable)

1. I am familiar with and have examined the provisions of the Agreement dated February 3, 2015, between Fuel Industries Inc., as Borrower, and Royal Bank of Canada, as the Bank and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.

2. The Borrowing Limit is \$ \_\_\_\_\_, calculated as follows:

Total Canadian/US Accounts Receivable			\$ _____
Less:	a)	Accounts, any portion of which exceeds 90 days	\$ _____
	b)	Accounts due from affiliates	\$ _____
	c)	"Under 90 days" accounts where collection is suspect	\$ _____
	d)	Accounts subject to prior encumbrances	\$ _____
	e)	Holdbacks, contra-accounts or rights of set-off	\$ _____
	f)	Accounts included elsewhere in the Borrowing Limit calculation	\$ _____
	g)	Other ineligible accounts	\$ _____
Plus:	h)	Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$ _____
Good Canadian/US Accounts Receivable			A \$ _____
Marginable Good Canadian/US Accounts Receivable at 75% of A			B \$ _____
Total EDC Accounts Receivable			\$ _____
Less:	a)	Accounts, any portion of which exceeds 90 days	\$ _____
	b)	Accounts due from affiliates	\$ _____
	c)	"Under 90 days" accounts where collection is suspect	\$ _____
	d)	Accounts subject to prior encumbrances	\$ _____
	e)	Holdbacks, contra-accounts or rights of set-off	\$ _____
	f)	Other ineligible accounts	\$ _____
Plus:	g)	Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, which the Bank has designated as nevertheless good	\$ _____
Good EDC Accounts Receivable			C \$ _____
Marginable Good EDC Accounts Receivable at 90% of C			D \$ _____
Total Foreign Accounts Receivable			\$ _____
Less:	a)	Accounts, any portion of which exceeds 90 days	\$ _____
	b)	Accounts due from affiliates	\$ _____

	c) "Under 90 days" accounts where collection is suspect	\$ _____	
	d) Accounts subject to prior encumbrances	\$ _____	
	e) Holdbacks, contra-accounts or rights of set-off	\$ _____	
	f) Accounts included elsewhere in the Borrowing Limit calculation	\$ _____	
	g) Other ineligible accounts	\$ _____	
Plus:	h) Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$ _____	
	Good Foreign Accounts Receivable		E \$ _____
	Marginable Good Foreign Accounts Receivable at 65% of E		F \$ _____
Less:	Potential Prior-Ranking Claims while not limited to these include:		
	Sales tax, Excise & GST	\$ _____	
	Employee source deductions such as E.I., CPP, Income Tax	\$ _____	
	Workers Compensation Board	\$ _____	
	Wages, Commissions, Vacation Pay	\$ _____	
	Unpaid Pension Plan Contributions	\$ _____	
	Overdue Rent, Property & Business Tax and potential claims from third parties such as subcontractors	\$ _____	
	Other	\$ _____	
	Total Potential Prior-Ranking Claims		G \$ _____
	Borrowing Limit (B+D+F-G)		\$ _____
Less:	Facility #1 Borrowings		\$ _____
	Margin Surplus (Deficit)		\$ _____

3. Annexed hereto are the following reports in respect of the Borrower:
  - a) aged list of accounts receivable,
  - b) aged list of accounts payable,
  - c) aged list of EDC Accounts Receivable indicating country of origin for each receivable and most recent credit approval listing from EDC supported by Direction to Pay; and
  - d) listing of Potential Prior-Ranking Claims.
  
4. The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.
  
5. The Borrower has no creditors in Australia, Belgium, Germany, Italy, the United Kingdom or the Hong Kong Special Administrative Region of the People's Republic of China.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Schedule "J"****RBC COVARIETY DASHBOARD TERMS AND CONDITIONS**

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("**RBC Covarity Dashboard**") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "**Service**"), then the following terms and conditions (the "**RBC Covarity Dashboard Terms and Conditions**") apply and are deemed to be included in, and form part of, the Agreement.

**1. Definitions.** For the purpose of the RBC Covarity Dashboard Terms and Conditions:

**"Disabling Code"** means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

**"Designated User"** an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

**"Electronic Channel"** means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

**"Electronic Communication"** means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

**"Electronically Submitted Certificates"** means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

**"Electronically Uploaded Financial Information"** means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

**"Internet"** means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

**"Password"** means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

**"Security Breach"** means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

**"Security Device"** means a combination of a User ID and Password.

**"Software"** means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

**"User ID"** means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

**"Virus"** means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

**2. Access to the Service.** The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

**3. Security Devices.** The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

**4. Security.** Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

**5. Unsecure Electronic Channels.** The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

**6. Notice of Security Breach.** The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

**7. Binding Effect.** Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

**8. Representations and Warranties.** The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

**9. Evidence.** Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

**10. Limitation of Liability.** The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

**11. Termination.** The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

**12. Amendment.** The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.



**RBC Royal Bank®**

**Jonathon Sullivan**  
Senior Account Manager – Technology Banking

**Royal Bank of Canada**  
90 Sparks Street, 2<sup>nd</sup> Floor  
Ottawa, Ontario K1P 5T6  
Tel.: 613-564-2002  
Fax: 613-564-2865  
e-mail: [jonathon.sullivan@rbc.com](mailto:jonathon.sullivan@rbc.com)

**Private and Confidential**

September 8, 2016

**Fuel Industries Inc.**  
7 Hinton Avenue North, Suite 100  
Ottawa, Ontario  
K1Y 4P1

We refer to the agreement dated February 3, 2015 and any amendments thereto, between Fuel Industries Inc., as (the "Borrower"), and Royal Bank of Canada, as (the "Bank"), (the "Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or event of default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Agreement is amended as follows:

1. Under the **REPORTING REQUIREMENTS** section, paragraph f) is added as follows:
  - (f) annual notice to reader financial statements of Fuel Technologies Inc. within 90 days of each fiscal year end.
2. **Schedule "A"- DEFINITIONS** is amended by the addition of the following definitions which are inserted in alphabetical order:
 

**"Business Loan Insurance Plan"** means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

**"Policy"** means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

**BUSINESS LOAN INSURANCE PLAN**

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

#### **CONDITIONS PRECEDENT**

The effectiveness of this amending agreement is conditional upon receipt of:

- a) a duly executed copy of this amending agreement;
- b) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- c) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally:

- d) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

**COUNTERPART EXECUTION**

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until October 11, 2016, after which date it will be null and void, unless extended in writing by the Bank.

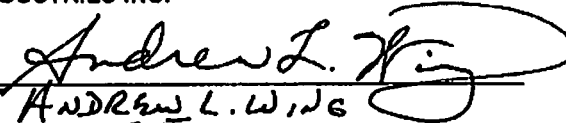
**ROYAL BANK OF CANADA**

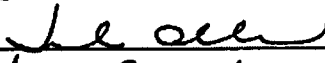
  
 \_\_\_\_\_  
 Jonathon Sullivan  
 Senior Account Manager

vdb

Agreed to and accepted this 8 day of SEPT, 2016.

**FUEL INDUSTRIES INC.**

Per:   
 Name: ANDREW L. WING  
 Title: CO-CEO

Per:   
 Name: JULIE ALLEN  
 Title: CFO

I/We have the authority to bind the Borrower.

**AMENDMENT TO AMENDED AND RESTATED CREDIT FACILITY LETTER**

**B E T W E E N :**

**ROYAL BANK OF CANADA**

(hereinafter referred to as the "Bank")

OF THE FIRST PART;

-and-

**FUEL INDUSTRIES INC.**

(hereinafter referred to as the "Borrower")

OF THE SECOND PART;

-and-

**FUEL TECHNOLOGIES INC.**

(hereinafter referred to as the "Guarantor")

OF THE THIRD PART.

**WHEREAS** reference is made to an amended and restated credit facility letter issued by the Bank on February 3, 2015 and accepted by the Borrower on February 10<sup>th</sup> 2015 (the "Facility Letter"), wherein the Bank agreed to establish and extend credit to the Borrower on the terms and conditions set out therein;

**AND WHEREAS** the Bank and the Borrower have agreed to amend the Facility Letter in accordance with the terms and conditions contained herein;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby confirm, acknowledge, covenant and agree as follows:

**1. Interpretation**

**(a) General**

Unless otherwise specifically defined herein or the context otherwise requires or specifies, each expression and term used in this Amendment which is defined in the Facility Letter has the meaning assigned to such expression or term in the Facility Letter.

**(b) Nature of the Amendment**

This Amendment is an amendment to the Facility Letter as contemplated thereby, and the Facility Letter and this Amendment shall be read together and have effect so far as



practicable as though all the provisions thereof and hereof were contained in one instrument.

2. **Amendments to Facility Letter**

- (a) The Facility Letter is hereby amended by inserting the following as a defined term on page 1 of the Facility Letter:

**""Guarantor" means Fuel Technologies Inc."**

- (b) The Facility Letter is hereby amended by inserting the following as a new subsection (d), (e) and (f) in the "Security" section on page 2:

**"d) Unlimited corporate guarantee and postponement of claim on the Bank's form 812 signed by the Guarantor in respect of all obligations and liabilities of the Borrower to the Bank;**

**e) General security agreement on the Bank's form 924 signed by the Guarantor constituting a first ranking security interest in all personal property of the Guarantor;**

**f) Inter-creditor Agreement (including satisfactory Stand Still Clause) to be signed by the Guarantor, the Bank, and Chou Associates Management Inc."**

3. **General**

(a) **Consequential Amendments**

All provisions of the Facility Letter are hereby amended as the context may require in order to give effect to the intention of this Amendment.

(b) **Confirmation of Facility Letter**

Except as amended hereby, the Facility Letter continues in full force and effect and time continues to be of the essence and all parties hereto hereby confirm and ratify all the provisions thereof. Any reference to the Facility Letter contained in all present or future documents relating to this matter shall be deemed to refer to the Facility Letter, as amended hereby.

(c) **Obligations of Guarantor**

By executing this Amendment, the Guarantor agrees to execute an unlimited corporate guarantee and indemnity in respect of the Borrower's obligations to the Bank, in form and content acceptable to the Bank.

(d) **Ratification, No Waiver**

The Borrower confirms that, except as contemplated in Section 2, the entering into of this Amendment by the Bank shall not constitute waiver of or modification of or to any provision of the Facility Letter or the security or of any default or event of default or

suspend, waive or affect any right of the Bank to demand strict compliance with and performance of any provision of the Facility Letter or of the security.

(e) **Governing Law**

This Amendment shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Bank to commence any proceedings with respect to this Amendment in any other proper jurisdiction, the parties hereto hereby attest and submit to the jurisdiction of the courts of the Province of Ontario.

(f) **Counterparts and Facsimile**

This Amendment may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner will promptly forward to the other party an original of the signed copy of this Amendment which was so faxed.

(g) **Successors and Assigns**

This Amendment shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns; and "successor" includes any corporation resulting from the amalgamation of any party with any other corporation.

*{Remainder of page intentionally blank}*

IN WITNESS WHEREOF this Amendment has been executed and delivered by the following parties as of the 24<sup>th</sup> day of August, 2015.

**ROYAL BANK OF CANADA**  
(Bank)

By: \_\_\_\_\_  
Name:

Title:

By: \_\_\_\_\_  
Name:

Title:

I/We have authority to bind the Bank

**FUEL INDUSTRIES INC.**  
(Borrower)

By: Andrew Wing  
Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the Corporation

**FUEL TECHNOLOGIES INC.**  
(Guarantor)

By: Andrew Wing  
Name: Andrew Wing

Title: Co-Chief Executive Officer

I have authority to bind the Corporation

IN WITNESS WHEREOF this Amendment has been executed and delivered by the following parties as of the 25<sup>th</sup> day of June, 2015.

ROYAL BANK OF CANADA  
(Bank)

By: Jonathan Sullivan  
Name: JONATHAN SULLIVAN  
Title: SENIOR ACCOUNT MANAGER

By: \_\_\_\_\_  
Name:  
Title:

We have authority to bind the Bank

FUEL INDUSTRIES INC.  
(Borrower)

By: \_\_\_\_\_  
Name: Andrew Wing  
Title: Co-Chief Executive Officer

I have authority to bind the Corporation

FUEL TECHNOLOGIES INC.  
(Guarantor)

By: \_\_\_\_\_  
Name: Andrew Wing  
Title: Co-Chief Executive Officer

I have authority to bind the Corporation

This is Exhibit "U" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**FORBEARANCE AGREEMENT**

THIS AGREEMENT is dated the 9 day of February, 2017.

**BETWEEN:**

**ROYAL BANK OF CANADA (the "Bank")**

- and -

**FUEL INDUSTRIES INC. (the "Borrower")**

- and -

**FUEL TECHNOLOGIES INC. (the "Guarantor")**

WHEREAS as of January 13, 2017, the Borrower acknowledges being indebted to the Bank pursuant to various loans (the "Credit Facilities") particularized as follows, along with further accrued interest and costs (the "Indebtedness"):

Loan No.	Amount Outstanding	Interest
Line of credit: 06972 771109981 005 (the "LOC")	\$737,192.09	\$124.85 (per dlem)
06972 771109981 016	\$317.89	2.7%
06972 771109981 017	\$589.86	2.7%
06972 771109981 018	\$1,407.87	2.7%

AND WHEREAS the Guarantor has guaranteed to the Bank the Indebtedness owed by the Borrower to the Bank as follows (which guarantee is hereinafter referred to as the "Guarantee"):

1. Guarantee and Postponement of Claim, dated August 24, 2015.

AND WHEREAS the Bank has been granted and holds the security listed in Schedule "A" attached hereto (hereinafter collectively referred to as the "Security") as security for repayment of the Indebtedness;

AND WHEREAS the Borrower and the Guarantor are or will actively attempt to restructure and/or secure refinancing in order to repay the Indebtedness to the Bank (the "Refinancing Process");

NOW THEREFORE in consideration of the acknowledgements, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

- (a) the Bank agrees with the Borrower and the Guarantor to forbear with respect to further enforcement of the Credit Facilities and Security in accordance with the terms of this agreement (the "Agreement");
- (b) the Borrower and the Guarantor agree to execute this Agreement in order to confirm to the Bank the continuing nature of their obligations to the Bank; and
- (c) the parties hereto undertake, agree to, acknowledge and confirm the terms outlined below.

1. Forbearance

For the period (the "Forbearance Period") commencing on the date of execution of this Agreement by the Borrower and the Guarantor and terminating on the earlier of the date on which the Bank delivers a notice terminating the Agreement as herein provided, or May 10, 2017, the occurrence of which shall be referred to as the "Termination", and subject to the Borrower's compliance with and satisfaction of the terms, provisions and conditions contained in this Agreement, and subject to any further extensions of time in accordance with paragraph 13 below, the Bank shall forbear from enforcing its Security.

2. Conditions of Forbearance by the Bank and Acknowledgments by the Borrower and the Guarantor

In consideration of the Bank's forbearance, and the covenants and agreements of the Borrower and the Guarantor contained herein, the Borrower and the Guarantor agree, acknowledge and confirm as follows:

- a. The Borrower and the Guarantor shall be obligated to provide such detailed and ongoing financial reporting as may be reasonably requested by the Bank in its sole discretion so as to facilitate the ongoing assessment of the Borrower throughout the Forbearance Period. Without in any way limiting the generality of the foregoing, the Borrower and the Guarantor shall forthwith provide the following information/documentation to the Bank in respect of the Borrower:
  - i. Detailed monthly list of all accounts payable;
  - ii. Detailed aged monthly list of all accounts receivable along with supporting invoices;

- iii. Full details of any outstanding priority payables, including, without limitation, unpaid wages, source deductions and HST, along with all supporting documentation in respect of same;
  - iv. Monthly sales pipeline report or equivalent to permit the Bank to track sales efforts; and
  - v. Provide detail rolling six (6) months cash flow forecast.
- b. The Borrower and the Guarantor shall fully cooperate with the Bank, and shall provide access to and cooperate fully with the Bank and with any other party designated by the Bank in its sole discretion to conduct and report on its behalf in respect of any reasonable valuations, examinations, assessments, appraisals and similar reviews of the Borrower in respect of its business, financial affairs, assets or property, all at the expense of the Borrower. Without in any way limiting the generality of the foregoing, the Borrower and Guarantor hereby acknowledge and agree that:
- i. The Borrower shall engage at its costs by executing the engagement letter attached hereto as Schedule "B" MNP Ltd. to, without limitation, conduct an initial assessment of the assets, financial position and operations of the Borrower, and provide financial and/or turnaround advice; and
  - ii. They shall execute any engagement letter that may be required in respect of the obligations set forth in this section, and for clarity any failure by the Borrower and/or the Guarantor to comply with any obligation set forth above shall constitute an event of Default under this Agreement.
- c. Throughout the Forbearance Period, the Refinancing Process shall be subject to the following conditions:
- i. the Borrower and the Guarantor shall keep the Bank fully informed of all efforts made and activities carried out in respect of the Refinancing Process; and
  - ii. the Borrower and the Guarantor shall report to the Bank on the status of the Refinancing Process as and when required by the Bank and, in this regard, shall provide the Bank with any and all information that the Bank may request in its sole discretion.



- d. Commencing on February 28, 2017 and on the 17<sup>th</sup> day of each month thereafter throughout the Forbearance Period, the Borrower and/or the Guarantor shall be required to permanently reduce the LOC by no less than \$50,000.00 per month.
- e. The Borrower and/or the Guarantor (or any one or more of them) shall repay to the Bank the entire outstanding balance of the Indebtedness, including all principal and interest, along with all applicable expenses and fees in accordance with paragraph 3 below, the Credit Facilities and/or the Security, on or before the expiry of the Forbearance Agreement or immediately upon Termination. Notwithstanding the foregoing, throughout the Forbearance Period, the Borrower and/or the Guarantor shall be entitled to make payments to reduce the Indebtedness without penalty and any such payments shall be applied by the Bank however It deems appropriate in its sole discretion.
- f. At all times throughout the Forbearance Period, the value of the Borrower's accounts receivable aged 90 days or less shall be no less than 125% of the amount owing on the LOC. If there is any breach of this margining requirement, the shortfall shall be funded by the Borrower and/or the Guarantor within no more than 48 hours.
- g. Throughout the Forbearance Period, the remuneration payable to the shareholders, principals and/or executives of the Borrower and the Guarantor shall be reduced by no less than 50% of their current payroll amounts.
- h. The Borrower shall forthwith provide the Bank with written assurance from its landlord that the landlord has consented to the Borrower deferring its 2016 rent arrears so long as the Borrower's 2017 rent is kept current.
- i. Upon execution of this Agreement, the Borrower and/or the Guarantor shall pay to the Bank by way of certified funds a non-refundable forbearance fee in the amount of \$5,000 (the "Forbearance Fee"), which shall be in addition to any payment to be made by them pursuant to this Agreement, the Credit Facilities and/or the Security.
- j. In the event that the Borrower and/or the Guarantor fail to comply with any of the requirements of this Agreement, the Credit Facilities and/or the Security, the Bank, in addition to any other rights or remedies it might have pursuant to this Agreement, the Credit Facilities and/or the Security, shall be entitled to immediately deliver to the Borrower and/or the Guarantor a notice terminating this Agreement in accordance with the terms of this Agreement.
- k. The Borrower and the Guarantor shall execute the Consent Judgment attached hereto as Schedule "C". This Consent Judgment shall be held in escrow by the Bank's legal counsel unless there is any default by the Borrower and/or the Guarantor in complying with the requirements of this Agreement. In the event there is any

default by the Borrower and/or the Guarantor in complying with the requirements of this Agreement, the Bank, in addition to any other rights or remedies it might have pursuant to this Agreement, the Credit Facilities and/or the Security, shall be immediately entitled to have the Consent Judgment issued by the Court and proceed to the enforcement thereof.

- i. The Borrower and the Guarantor acknowledge receipt of the Bank's Notice of Intention to Enforce Security (the "Notice") and demand letters dated January 13, 2017, demanding payment of the Indebtedness, and the Borrower and Guarantor do not request that the Bank withdraw the Notice or demands for payment.
- m. The Borrower and the Guarantor acknowledge that as at January 13, 2017, the Borrower was indebted to the Bank pursuant to the Credit Facilities in the amounts outlined in the preamble above.
- n. The Borrower and the Guarantor confirm that they do not dispute the Borrower's liability to pay the Indebtedness, and acknowledge that the Indebtedness is correctly stated and remains outstanding and unpaid.
- o. The Borrower and the Guarantor confirm that the Security has not been discharged, waived or varied, that it is binding upon the Borrower and it is valid and enforceable in accordance with its written terms.
- p. The Borrower and the Guarantor acknowledge that defaults (the "Defaults") have occurred under the Credit Facilities which entitle the Bank to, amongst other things, declare the Indebtedness immediately due and payable and to proceed to the enforcement of its Security. More specifically, the Borrower and the Guarantor acknowledge that the Borrower has defaulted in its repayment obligations to the Bank and there has been a material adverse change in the financial condition of the Borrower. By executing this Agreement, the Borrower and the Guarantor acknowledge the Defaults and further acknowledge and agree that the Borrower is liable to the Bank for the full amount of the Indebtedness, which is due and payable in full and is not subject to any set-off, defence or counterclaim on the part of the Borrower and/or the Guarantor.
- q. The Borrower and the Guarantor shall not attempt to sell or dispose of any of their assets, other than in the ordinary course of business or without the prior written consent of the Bank.
- r. All other terms, conditions, undertakings and acknowledgements contained in the Credit Facilities and the Security shall remain in full force and effect to the extent that they are not inconsistent with the terms, conditions, undertakings and acknowledgements contained herein.

- s. There will be no payments or settlements with any other current or future creditor of the Borrower, other than in the ordinary course of business, without first obtaining the written consent of the Bank in advance.
- t. The Borrower shall indemnify and save harmless the Bank with respect to any claim which may be asserted by any Federal, Provincial and/or municipal Crown ministry, agency, department or other similar body, which claim would rank in priority to the Bank's Security. Without limiting the generality of the foregoing, the Borrower shall indemnify and save harmless the Bank with respect to any claim asserted by any Federal, Provincial and/or municipal Crown ministry, agency, department or other similar body pursuant to, without limitation, the *Income Tax Act*, *Excise Tax Act*, *Retail Sales Tax Act* and any other claims which, if unpaid, would rank in priority to the Bank's Security. Moreover, the Borrower shall forthwith provide confirmation to the Bank, along with all required supporting documentation, of any amounts owing on account of source deductions, HST, retail sales tax, municipal taxes and/or WSIB payments.
- u. The Borrower and the Guarantor agree, acknowledge and affirm that, except as herein expressly provided, the Bank has not been required nor has it made any commitment to provide any further financing or credit facilities, and that the Bank reserves its rights and remedies should the Borrower and/or the Guarantor fail to comply with the provisions of this Agreement.
- v. Should the Bank exercise its rights and remedies, the Borrower and its management agree and undertake to cooperate with the Bank to maximize the Bank's recovery and, without limitation, shall cooperate with the Bank in disposing assets.
- w. The Borrower and the Guarantor acknowledge that the recitals herein before set forth are true and correct and shall form an integral part of this Agreement.
- x. The Borrower and Guarantor confirm that entering into this Agreement does not vitiate, alter, release or discharge them from their obligations pursuant to any security given in favour of the Bank and confirm that the Security remains in full force and effect and continues to be binding against them.

### 3. Expenses and Legal Fees

The Borrower and/or the Guarantor shall pay to the Bank, as and when incurred, all of its fees, costs, expenses, disbursements and taxes, of every nature and kind, incurred by the Bank in the negotiation, preparation and implementation of this Agreement, and all other aspects of the relationship between the Borrower and/or the Guarantor and the Bank, including the enforcement by the Bank of the Credit Facilities and/or the Security. In this regard, the Borrower and the Guarantor agree and acknowledge that the Bank is

to be fully indemnified by them for and of the Bank's costs, disbursements, fees, taxes, etc.

4. Representations and Warranties

The Borrower and the Guarantor represent and warrant to the Bank that the execution and delivery of this Agreement has been duly authorized by all necessary actions and does not violate any laws or any provision of its constating documents or by-laws or any unanimous shareholders' agreement to which it is subject, or result in the creation of any encumbrance on its properties and assets except as contemplated hereunder.

5. Covenants

The Borrower and the Guarantor covenant and agree with the Bank that, so long as the Indebtedness has not been repaid to the Bank in full, they shall:

- a. Continue to comply with all covenants and to perform or observe all obligations and conditions contained in the Credit Facilities and the Security except as varied herein;
- b. Not interfere with the Bank's right to realize upon the Security and the assets secured thereby upon termination of this Agreement, on reasonable commercial terms as would otherwise be required of a secured Bank in comparable circumstances;
- c. Not make a proposal or an assignment for the general benefit of their creditors or an assignment in bankruptcy, or issue a Notice of Intention or any of proposal under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*;
- d. Not create or permit to exist any mortgage, hypothec, charge, pledge, lien, encumbrance or other security interest, or allow to arise any statutory trusts, upon or against the collateral charged in favour of the Bank, unless such mortgage, charge or interest is subordinate to the Security or the Bank has consented in advance thereto;
- e. To continue to comply with all covenants and to perform or observe all obligations and conditions contained in this Agreement, the Credit Facilities and the Security except as varied herein;
- f. To carry on business in the usual course and in a reasonable and prudent manner;
- g. Not interfere with the Bank's right to realize upon the Security and the assets secured thereby upon Termination, on reasonable commercial terms as would otherwise be required of a Bank in comparable circumstances;

- h. To refrain from paying any bonuses or salary increases (or making any capital expenditures) or selling, transferring, releasing, settling, assigning or moving any of their property or assets out of the ordinary course of business, except with the Bank's written consent;
- i. To ensure that all assets subject to the Bank's Security is fully insured for all risks and that the Bank's interest therein is reflected on all such insurance coverage, and to ensure that all premiums are paid for the said insurance when due and to provide proof of payment of same to the Bank upon request;
- j. To immediately notify the Bank of any Event of Default as detailed below;
- k. To immediately notify the Bank of any claims, actions or suits brought against them or any orders, demands, claims or garnishments from any governmental authorities; and
- l. To not dispose of any assets without the Bank's prior written approval and upon the disposition of any such assets, the full proceeds of same shall be paid to the Bank to be applied as against the indebtedness.

6. Events of Default

The following events shall constitute an event of default ("Event of Default") under this Agreement:

- a. Any default in the observance or performance of any covenant, agreement or undertaking contained in this Agreement, the Credit Facilities, the Security or any other agreement between the Borrower and/or the Guarantor and the Bank except as the same may have been modified herein;
- b. The Borrower and/or the Guarantor fail to pay any principal, interest, fees, costs or other amounts payable by the Borrower under the Credit Facilities and/or this Agreement, as and when due;
- c. The terms of the Credit Facilities and Security continue to apply to the Borrower and the Guarantor as applicable and any breach of those terms entitles the Bank to terminate this Agreement forthwith and exercise its rights under the terms of this Agreement, the Credit Facilities and/or Security;
- d. In the opinion of the Bank, acting reasonably, there is a material adverse change in the financial condition, ownership or operation of the Borrower or the Guarantor, or the ability of the Borrower and/or the Guarantor to pay amounts owing has been impaired, worsened or diminished or threatens to further deteriorate;

- e. The Borrower and/or the Guarantor cease to carry on business, make an assignment for the general benefit of their creditors, file a proposal, deliver a notice of intention to make a proposal or initiate any similar or other type of proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada), or make an application for relief under the *Companies' Creditors Arrangement Act*, or a receiver, interim-receiver, receiver and manager, trustee, manager, consultant, liquidator, agent or other similar party is appointed in respect of their property or any material part thereof;
- f. Any person takes possession of a material part of the property of the Borrower and/or the Guarantor, by way of or in contemplation of enforcement of security, or a distress, execution or similar process is levied or enforced against any such property;
- g. If any Notice of Intention to Enforce Security pursuant to s. 244 of the *Bankruptcy and Insolvency Act* is issued by any other of the creditors of the Borrower and/or Guarantor; and
- h. If any stay of proceedings of any kind shall be in effect with respect to the Borrower and/or Guarantor, or their assets, which in the Bank's sole and absolute discretion and opinion, affects the Bank's rights pursuant to its Security or the prospect of complete repayment of the Indebtedness.

#### 7. Remedies of the Bank

Upon the occurrence of an Event of Default or the Termination or expiry of this Agreement:

- a. The Forbearance Period shall terminate and the Indebtedness shall, at the option of the Bank, become immediately due and payable;
- b. The Bank shall be entitled to immediately enforce this Agreement, the Credit Facilities and/or the Security and enforce any of its remedies without issuance of any further notice as per the terms of this Agreement, the Credit Facilities and/or the Security;
- c. The Bank shall be immediately entitled to commence proceedings and file with the Court and enforce the Consent Judgment attached hereto as Schedule "C" and rely upon the covenants, admissions, undertakings and obligations of the Borrower and Guarantor as set forth herein; and
- d. This Agreement, the Credit Facilities and/or the Security shall become enforceable, and the Bank may, in addition to any remedy set forth in this Agreement, the Credit Facilities and/or the Security, realize upon all or any part of the Security and commence such legal action or other proceedings against the Borrower and/or the

Guarantor or their property or assets, and may appoint a private or Court appointed Receiver, as may be permitted under the terms or provisions of this Agreement, the Credit Facilities and/or the Security, or at law or in equity, all at such times and in such manner as the Bank may in its sole discretion deem expedient, and all without any additional notice, presentation, demand, entering into possession of any properties or assets charged by or subject to security interests contained in the Security or any other similar proceedings, all of which are hereby expressly waived.

8. Bank's Rights

It is understood and agreed that nothing contained in this Agreement and no negotiations, correspondence or discussions among the parties hereto, shall prejudice, affect or waive any of the Bank's rights under the terms of the Credit Facilities and/or the Security, except as those rights may have been modified by this Agreement.

9. Affirmation by the Guarantor

The Guarantor who has previously agreed to act as Guarantor hereby ratifies its covenants contained in the Guarantee, and hereby confirms to the Bank that its Guarantee shall be and remain good, valid, and binding upon and enforceable against it. It is further understood and agreed that nothing contained in this Agreement and no negotiations or discussions among the parties hereto shall prejudice the right of the Bank to pursue its remedies against the Guarantor, except as those rights may have been modified by this Agreement.

10. Waivers

No delay on the part of the Bank in exercising any remedy or any waiver of the rights given to it hereunder or under the Credit Facilities and/or the Security shall operate as a waiver thereof, except as to a waiver which is specifically given in writing by the Bank to the Borrower.

11. Releases

The Borrower and the Guarantor hereby release and discharge the Bank and its officers, directors and employees together with the agents and representatives of the Bank of and from any and all claims or liability howsoever and whenever arising in relation to the indebtedness or any other aspect of the relationship between the Bank and the Borrower and/or Guarantor.

12. Entire Agreement in Writing

This Agreement, the Credit Facilities and the Security and the documents contemplated thereby or taken in support thereof, constitute the entire agreement between the

Borrower, the Guarantor and the Bank as to the matters dealt with herein. There are not and shall not be any oral statements, representations, warranties, undertakings or agreements between the Borrower, Guarantor and the Bank.

13. Amendments

This Agreement may be modified, cancelled, or extended at any time, but only with the written consent and agreement of the Bank.

14. Further Assurances

The Borrower and the Guarantor shall from time to time and at all times hereafter, at every request of the Bank, make, do, execute and deliver, or cause to be made, done, executed and delivered, all such further acts, deeds and assurances and things as may be necessary or desirable in the sole opinion of the Bank for more effectually implementing the true intent and meaning of this Agreement.

15. Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns.

16. Severability

The parties acknowledge and agree that if any provision of this Agreement or any Schedules attached thereto or the application thereof becomes illegal or unenforceable, it shall during such period be considered severable from the remaining provisions of this Agreement or any Schedules thereto, which shall remain in force and be binding as though the said provision had never been included.

17. Contra Proferentem Rule

This Agreement and all Schedules attached hereto have been drafted with the equal participation of all parties hereto and the parties hereto hereby acknowledge and agree that the *contra proferentum* rule has no application.

18. Date For Acceptance

This Agreement shall be open for acceptance by the Borrower and Guarantor until 5:00 p.m. on February 10, 2017 by which date if not executed and received by the Bank it shall be considered withdrawn.




19. Execution

The parties hereby agree that this Agreement may be executed in counterparts, and further that communication of the execution of the document may be made by facsimile or email transmittal, and such executed and faxed or emailed versions of the document shall be deemed to be originals of the Agreement.


20. Legal Advice

The Borrower and the Guarantor also acknowledge and agree that they have received independent legal advice with respect to the terms and provisions of this Agreement or have been advised to obtain the same and have declined to do so. They further agree and acknowledge that they have freely elected to enter into this Agreement without any form of duress and that they have not been induced or coerced to enter into this Agreement.


All of the foregoing is agreed to by the undersigned as of the date recited above.

**ROYAL BANK OF CANADA**


\_\_\_\_\_  
Name: **S.V. (Sandy) Vlikna**  
Title: **Manager - Special Loans - Ontario**  
I have authority to bind the Bank

**FUEL INDUSTRIES INC.**


\_\_\_\_\_  
Name: **Julie Allen**  
Title: **CFO**  
I have authority to bind the Corporation

**FUEL TECHNOLOGIES INC.**


\_\_\_\_\_  
Name: **Julie Allen**  
Title: **Secretary**  
I have authority to bind the Corporation

*Leonard Levencrow*

I, \_\_\_\_\_, authorized to practice law in the Province of Ontario, hereby acknowledge that I have explained and provided independent legal advice to the Borrower and the Guarantor with regard to the terms of this Forbearance Agreement.

DATED AT OTTAWA this 9 day of February, 2017.

*Leonard Levencrow*

Name:

**Schedule "A"**

The Security includes the following instruments, amongst others:

1. General Security Agreement of Fuel Industries Inc., dated March 28, 2003
2. General Security Agreement of Fuel Industries Inc., dated February 10, 2015
3. Guarantee and Postponement of Claim of Fuel Technologies Inc., dated August 24, 2015
4. General Security Agreement of Fuel Technologies Inc., dated August 24, 2015

**Schedule "B"**

**[MNP Ltd. Engagement Letter Attached]**

MNP Ltd.  
1600 Carling Avenue Suite 800  
Ottawa, ON  
K1Z 1G3

Attention: Mr. John Haralovich

February 3, 2017

Dear Sirs:

Re: Fuel Industries Inc. and Fuel Industries U.S. Inc. (the "Company or Debtors")

The purpose of this letter is to confirm the terms upon which the Royal Bank of Canada (the "Lender") will engage MNP Ltd. ("MNP") as its financial advisor pursuant to a forbearance agreement entered into between Fuel Industries Inc. and Fuel Industries U.S. Inc. (the "Company") and the Lender.

#### Scope of Engagement

MNP has been retained by the Lender to provide the following financial and other advisory services in respect of the Company:

- Review the financial affairs of the Company, as required;
- Review the reasonableness of the consolidated and unconsolidated budgets, financial statement projections, any existing and future business plans, strategic plans and initiatives and other information provided by the Company to the Lender, including a review and consideration of the nature and reasonableness of the assumptions in those plans underlying the future business prospects of the Company, if available;
- Review the Company's borrowing base calculations and loan margin position, including compliance with all financial and non-financial covenants in its loan agreements and forbearance agreements with the Lender;
- Review the Company's cash flow requirements on a 13 week and long-term basis, if available;
- Review the Company's current financial position including, but not limited to, an analysis of the Company's contracts, assets, liabilities, contingent liabilities and future obligations;
- Review and analysis of the Lender's security position;
- Review the operational and financial viability of the Company;
- Consideration of and recommendations with respect to restructuring and other alternatives available to the Lender and the Company; and
- Such other advice, reports and general financial advisory services as may be agreed upon by the Company, Lender and MNP.

The Lender may at any time instruct MNP to cease its monitoring and/or not to report on any of the above noted matters.

The Company and Lender agree to cooperate with MNP and provide MNP with all information and records in its possession regarding the Company which MNP may request.

#### Restrictions

During the course of the engagement MNP will be reporting to the Lender on an on-going basis and providing written reports as required in the circumstances. In order to ensure the financial accuracy of the factual basis upon which the recommendations and analysis are based, MNP shall provide extracts of these reports omitting any recommendations to the lender to the Company for review for errors of fact.

MNP will rely on the information provided by the Company and/or the Lender without audit or verification and shall not contact or communicate with any of the Company's suppliers' or contracting purchasers.

Report(s), if any, whether they be the draft or final version, are not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined in the above without prior written permission in each specific instance. MNP will not assume any responsibility or liability for losses occasioned by the Company, directors and/or investors of the Company, or any other parties as a result of the circulation, publication, reproduction or use of any of our draft report(s) or the final report contrary to the provisions of this paragraph.

#### Cooperation of the Debtor

As outlined in the attached Consent, Authorization and Acknowledgement, the Company has consented to MNP's engagement and the Debtors will provide, among other things, the full cooperation of management. The Lender acknowledges that MNP's ability to complete its mandate is dependent upon such cooperation and the Company fulfilling its other obligations outlined in the attached Consent, Authorization and Acknowledgement.

#### Staffing

This engagement will be under the direction of John Haralovich, who will maintain overall responsibility for the engagement on behalf of MNP. MNP is authorized to use any of its employees or outside agents, as MNP considers necessary, in the investigation of the affairs of the Company.

#### Electronic Communications

The Company has acknowledged that: (i) MNP, the Lender and the Company may correspond or convey documentation via Internet e-mail unless the Company expressly requests otherwise, (ii) neither party has control over the performance, reliability, availability, or security of Internet e-mail, and (iii) MNP shall not be liable for any loss, damage, expense, harm or inconvenience

resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond MNP's reasonable control.

#### Consent for Personal Information Collection, Use, and Disclosure

The privacy and security of the personal information given to MNP is important to the Company. MNP strives to ensure the strictest compliance with all applicable provincial and federal standards of protection and disclosure of personal information by any and all of our employees, agents, divisions and/or affiliates (hereinafter referred to collectively as MNP). MNP will not collect, use or disclose any of your personal information without your knowledge and consent, or as may be required by law. We have reviewed the MNP privacy policy at [www.mnp.ca](http://www.mnp.ca).

MNP may collect, use and disclose personal information about the Company relevant to the purposes of this engagement. MNP may collect and use personal information from the Company for the purposes of providing other services or informing the Company of other opportunities from time to time ("Other Matters").

The Company specifically authorizes the Lender to divulge such information pursuant to any Court proceeding commenced by or to which the Lender is a party or in connection with the exercise of any of the Lender's remedies against the Company including, without limitation, enforcing the security held by the Lender from the Company or to any potential assignee of the Lender's debt and security.

Personal information that is not relevant to the purposes of this engagement or the Other Matters will not be disclosed to anyone for any reason without prior consent.

#### Fees/Remuneration

The Company agrees that MNP's fees for this engagement will be based upon hours spent by those individuals assigned to this matter plus HST and expenses including, but not limited to, travel, meals, accommodations, long-distance telecommunications, photocopying, delivery, postage, and/or third-party clerical assistance as follows:

Partners	\$365 per hour
Managers/Senior Managers	\$250 per hour
Administrative/Seniors	\$150 per hour

The Company shall be responsible for payment of MNP's invoices; however, the Lender agrees to guarantee payment of MNP's fees and expenses.

#### Other Matters

MNP is only providing advice in connection with this engagement. MNP will not exercise any managerial or administrative authority, direction or control over the businesses or affairs of the Company, interfere with the conduct of the Company's business, sign cheques or otherwise take part in the management of the Company's affairs.

MNP's review will be based mainly on information supplied by the Company and the Lender and supplemented by discussions with management. The Lender understands that, although all information gathered will be reviewed for reasonableness, MNP will not be conducting an audit as part of this engagement. Therefore, MNP's work will not necessarily disclose any errors, irregularities or illegal acts, if such exist, on the part of the Company or their officers and employees.

The Lender and Company have agreed that the appointment of MNP shall not preclude nor be alleged by any of the parties to this agreement as a bar or factor inhibiting the subsequent appointment of MNP as Monitor, Receiver, Receiver/Manager, Trustee in Bankruptcy, Monitor in a CCAA proceeding, Liquidator, or the holder of a similar office in respect of the Company.

This letter may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which, when taken together, shall constitute one and the same letter.

Yours very truly,

Royal Bank of Canada

Per: 

Name:

**S.V. (Sandy) Viikna**

~~Manager, Special Loans, Ontario~~  
I have the authority to bind the Company

MNP Ltd. hereby consents to act as Financial advisor in accordance with the terms of the foregoing dated this 3<sup>rd</sup> day of February 2017.

MNP Ltd.

Per: \_\_\_\_\_

Name: John P. Haralovich, Senior Vice-President

#### AUTHORIZATION

We have reviewed the above proposal, the terms are agreed to and accepted, and I authorize MNP Ltd. to proceed with the advisory engagement for the Company.

Fuel Industries Inc. and Fuel Industries  
U.S. Inc.

  
Authorized Signatory

Feb 9, 2017  
Date



## CONSENT, AUTHORIZATION AND ACKNOWLEDGEMENT

TO: ROYAL BANK OF CANADA (the "Lender")

AND TO: MNP Ltd. (the "Consultant")

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, Fuel Industries Inc. and Fuel Industries U.S. Inc. collectively and individually as the context may require, together with its or their respective subsidiaries, the "Company" hereby consents and agrees to the appointment of the Consultant as a consultant by the Lender in accordance with the letter of engagement dated February 3<sup>rd</sup>, 2017 between the Consultant and the Company (including the standard terms and conditions or general business terms forming part thereof) (the "Engagement Letter") and acknowledges that they have read and understood the terms and conditions of the Engagement Letter.

The Company hereby further agrees as follows:

1. It will co-operate fully with the Consultant and provide the Consultant with full and unrestricted access to all information concerning the Company undertaking, property and affairs in order to carry out this engagement. The Consultant shall have complete and open access to all premises, offices, files and records of every kind and description, including all business, accounting, legal and other records, documents and files, including copies thereof (the "Information") of the Company. The Consultant may make copies of any and all documents, including electronically stored data and computer records, which the Consultant considers necessary to complete its review.
2. The Company shall instruct its officers, directors, employees, agents, consultants, bankers, accountants, solicitors and other advisors to co-operate fully with the Consultant including by providing all Information requested by the Consultant that is in their respective possession or control and by answering all questions and providing such analysis and explanations as the Consultant may reasonably request, in each case to the best of their knowledge and ability.
3. It will use reasonable skill, care and attention to ensure that all information provided to the Consultant is accurate and complete and will notify the Consultant if it subsequently learns that the Information provided is incorrect or inaccurate or otherwise should not be relied upon.
4. The Company irrevocably authorizes the Lender to disclose to the Consultant any information the Lender has concerning the Company, its business and affairs. In addition, the Company irrevocably authorizes the Consultant to report any financial or other information gathered by the Consultant to the Lender and its advisors. The Company further specifically authorizes the Lender to divulge any confidential information of the Company as the Lender deems necessary or desirable in connection with or pursuant to any Court proceeding commenced by or to which the Lender is a party or in connection with the exercise of any of the Lender's remedies against the Company including, without limitation, enforcing the security held by the Lender or to any potential assignee of the Lender's debt and security.

5. The Lender may request that the Consultant speak to the Company major stakeholders, including, without limitation, creditors and shareholders. In such case, the Company hereby authorizes the Consultant to do so and agrees that the Consultant may, in furtherance of these discussions, release to these stakeholders confidential information provided to the Consultant by the Lender or the Company except as may be otherwise expressly agreed in writing between the Consultant, the Lender and the Company.
6. Subject to the provisions of the Engagement Letter, all verbal and written reports provided or issued by the Consultant will be provided or issued solely to the Lender and none of the information, analysis or recommendations provided by the Consultant to the Lender will be disclosed to the Company except as may be expressly provided in the Engagement Letter. All advice (written or oral) and any modeling, analysis or methodologies given or developed by Consultant for the Lender in connection with the engagement is intended solely for the benefit and use of the Lender. All reports, recommendations and analysis provided by the Consultant to the Lender are confidential and subject to privilege.
7. The Lender and the Consultant shall have no responsibility for the decisions and activities of the Company, the Consultant will have no management responsibilities with or for the Company and will not offer advice or direction to, or exercise any control over the business and affairs of the Company. The Consultant will have no fiduciary duties or other duty of care to the Company and nothing herein and nothing done pursuant to the engagement will constitute an arrangement, agreement or relationship between the Company and the Consultant. The Company will be solely responsible for making all management decisions, performing all management functions and establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities. The Company shall not hold out to any person that the Consultant is acting other than as a consultant for the purpose of reporting and making recommendations.
8. All of the terms of the security and guarantees given to the Lender in relation to the credit facilities and indebtedness and liabilities of the Company to the Lender are and will remain in full force and effect. The engagement of the Consultant shall not waive, prejudice, impair or adversely affect the rights and remedies of the Lender against the Company or any guarantor whether pursuant to applicable law or any security, guarantees or other agreements the Lender may have or require the Lender to delay in enforcing any of these rights and remedies, nor shall it operate as a waiver by the Lender of any defaults or events of default which may exist in relation to any of the credit facilities of the Company with the Lender or any security, guarantees or other agreements held by the Lender. Further, the engagement of the Consultant by the Lender is not an act of enforcement of any of the Lender's security and the Company continues in full possession and control of all of its property, assets and business.
9. The Consultant may obtain legal advice from the Lender's legal advisers relative to this engagement.
10. The Company hereby indemnifies and agrees to save harmless the Lender with respect to the fees and expenses of the Consultant, including legal costs, related to this engagement and authorizes the Lender to debit the Company account to cover these costs, including

harmonized or goods and services and similar taxes. Any fees paid by the Lender on behalf of the Company shall be treated as an advance to the Company, secured by the Lender's security documentation.

11. Neither the Consultant nor the Lender shall have any liability, responsibility or obligation to the Company, or any persons who have provided guarantees to the Lender, whatsoever, whether in contract, negligence, tort or otherwise, arising out of or in connection with this engagement of the Consultant by the Lender (as it may be amended from time to time).
12. During the course of this engagement the Consultant may collect personal information about identifiable individuals ("Personal Information"), either from the Company or from third parties but solely for purposes related to its engagement. The Company agrees to obtain such consents or take such other action as may be required under applicable law to permit such collection and use of Personal Information.

By signature of the undersigned signing officer(s), the Company acknowledges and confirms that it has received no commitment, representation or warranty from the Lender or the Consultant in connection with this engagement, and that the Lender reserves all rights and remedies, including the right to enforce and realize on the security and guarantees it holds as it may consider appropriate in its sole discretion.

The Company also acknowledges receipt of a copy of the Consultant's disclosure letter with respect to certain engagements of the Consultant (or any of its affiliates), if any.

The Company further (a) acknowledges having been informed that the Consultant (or one of its affiliates) may be appointed to act as agent, interim receiver, receiver, receiver and manager, CCAA monitor, trustee in bankruptcy, trustee under a Bankruptcy and Insolvency Act proposal of all or any of the undertaking, property and assets of the Company and (b) agrees that it will not object to the appointment of the Consultant (or any of its affiliates) in any such capacity and that such appointment shall not be a conflict of interest by virtue of any of the engagements disclosed by the Consultant or the Consultant having been appointed as consultant for the Lender as provided for herein. Further the Company agrees that if any such appointment of the Consultant is made, all Information obtained by the Consultant in the course of the engagement may be used by it in such capacity.

Dated at Ottawa, Ontario, this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Per: \_\_\_\_\_

Signature of authorized signing officer

Per: \_\_\_\_\_

Signature of authorized signing officer

Schedule "C"

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

- and -

FUEL INDUSTRIES INC. and FUEL TECHNOLOGIES INC.

Defendants

**CONSENT**

The parties hereto hereby consent to and approve as to form and content the Judgment attached hereto.

The parties hereto hereby certify that no party to this proceeding is under any legal disability.

The parties hereto hereby certify that they were given the opportunity to obtain independent legal advice and have done so in advance of executing this Consent Judgment.

Dated at Toronto this  
9 day of February, 2017.

ROYAL BANK OF CANADA



Name: **S.V. (Sandy) Viikna**  
Title: **Manager - Special Loans, Ontario**  
I have authority to bind the Bank

Dated at Ottawa this  
9 day of February, 2017.

FUEL INDUSTRIES INC.

[Signature]  
Name: Julie Allen  
Title: CFO  
I have authority to bind the Corporation

Dated at Ottawa this  
9 day of February, 2017.

FUEL TECHNOLOGIES INC.

[Signature]  
Name: Julie Allen  
Title: Secretary  
I have authority to bind the Corporation

This is Exhibit "V" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE ) DAY, THE DAY  
JUSTICE ) OF \_\_\_\_\_, 20\_\_

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

- and -

FUEL INDUSTRIES INC. and FUEL TECHNOLOGIES INC.

Defendants

**JUDGMENT**

ON READING the Consent to Judgment filed on behalf of the parties,

1. THIS COURT ORDERS AND ADJUDGES that the Defendants shall pay to the Plaintiff, on a joint and several basis, the sum of \$737,192.09, or such lesser sum as may be owing by the Defendants when this Judgment is issued, along with interest thereon at the rate of 6.2% per annum from January 13, 2017 onwards.
2. THIS COURT FURTHER ORDERS AND ADJUDGES that the Defendants shall pay to the Plaintiff, on a joint and several basis, the further sum of \$2,315.67, or such lesser sum as may be owing by the Defendants when this Judgment is issued, along with interest thereon at the rate of 2.7% per annum from January 13, 2017 onwards.
3. THIS COURT FURTHER ORDERS AND ADJUDGES that the Defendants shall pay to the Plaintiff, on a joint and several basis, the sum of \$5,000.00 for the costs of this action, with interest thereon at the rate of 2.0% per annum in accordance with the *Courts of Justice Act*.



## GUARANTEE AND POSTPONEMENT OF CLAIM

**TO: ROYAL BANK OF CANADA**

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Fuel Industries Inc. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of Unlimited Dollars together with interest thereon from the date of demand for payment at a rate equal to the bank's prime rate + 5% percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the



whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.



(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Ontario ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A. Provinces except Quebec)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 08 24 2015  
MONTH DAY YEAR

IN THE PRESENCE OF

Antoinette Esposito  
Witness Signature 1

Antoinette Esposito  
Name:

[Signature]  
Witness Signature 2

Ross Lemieux  
Name:

Witness Signature 1

Name:

Witness Signature 2

Name:

Insert the full name and address of guarantor (Undersigned above).

Full name and address
7 Hinton Avenue N., Suite 100, Ottawa, ON K1Y 4P1

Andrew King  
Fuel Technologies Inc.

[Signature]

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

**THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)  
CERTIFICATE OF BARRISTER AND SOLICITOR**

I HEREBY CERTIFY THAT:

(1) \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by \_\_\_\_\_, Barrister and Solicitor at the \_\_\_\_\_ of \_\_\_\_\_, in the Province of Alberta, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

(Guarantor to sign in presence of Barrister and Solicitor)

**STATEMENT OF GUARANTOR**

I am the person named in the certificate

\_\_\_\_\_  
Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engages in a farming operation or owns farm assets in Saskatchewan.)

**THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE  
(SECTION 31)  
CERTIFICATE OF LAWYER OR NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) \_\_\_\_\_ of \_\_\_\_\_ in the Province of \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at \_\_\_\_\_ this \_\_\_\_\_ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

\_\_\_\_\_  
A LAWYER OR A NOTARY PUBLIC IN AND FOR  
\_\_\_\_\_

**STATEMENT OF GUARANTOR**

I am the person named in the certificate

\_\_\_\_\_  
Signature of Guarantor



FUEL TECHNOLOGIES INC.  
(the "Guarantor")

RESOLUTION OF DIRECTORS

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to FUEL INDUSTRIES INC. (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of UNLIMITED Dollars together with interest from the date of demand for payment at per cent. per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by ANDREW WING, CO. CEO  
(IDENTIFY BY NAME AND TITLE)

and JULIE ALLEN, CFO  
(IDENTIFY BY NAME AND TITLE)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a copy of this Resolution, certified by the Secretary of the Guarantor (under the corporate seal where required) be given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a Resolution, certified by the Secretary of the Guarantor, changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constituting documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

CERTIFIED this 08 24 2015 as witness, where required by law, under the corporate seal of the Guarantor.  
(MONTH) (DAY) (YEAR)

(FOR BANK USE ONLY)  
INITIALS  
Prepared by | Checked by

(Corporate Seal where required by law)

[Signature]  
Secretary

This is Exhibit "W" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

## GENERAL SECURITY AGREEMENT

E-FORM 924 (2002/08)  
RETENTION - M

## 1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(r), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

- (a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;
- (b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;
- (c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;
- (d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

#### 4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and Intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

#### 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any



manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## 6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

## 7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

## 8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting Income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

## 9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

## 10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

## 11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- (c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;
- (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- (e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- (f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.



**12. ACCELERATION**

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

**13. REMEDIES**

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

**14. MISCELLANEOUS**

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situated) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein mentioned branch of RBC is located, as those laws may from time to time be in effect, including where applicable, the P.P.S.A.

## 15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

**INDIVIDUAL DEBTOR**

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

**BUSINESS DEBTOR**

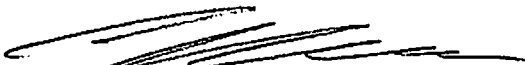
NAME OF BUSINESS DEBTOR <b>FUEL INDUSTRIES INC.</b>			
ADDRESS OF BUSINESS DEBTOR <b>47 YOUNG STREET</b>	CITY <b>OTTAWA</b>	PROVINCE <b>ON</b>	POSTAL CODE <b>K1S 3H6</b>

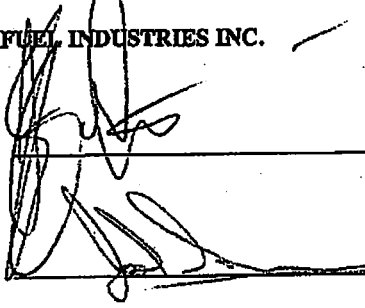
**TRADE NAME (IF APPLICABLE)**


TRADE NAME OF DEBTOR			
PRINCIPAL ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 28 day of MARCH, 2007.

FUEL INDUSTRIES INC.

  
WITNESS

  
\_\_\_\_\_  
Seal

  
WITNESS

Seal

**BRANCH ADDRESS**

MTL BSC - SEC DIARY & REGISTRATION  
630 RENE LEVESQUE BLVD W 1ST FLR  
MONTREAL QC  
H3B 1S6

**SCHEDULE "A"**

(ENCUMBRANCES AFFECTING COLLATERAL)

**SCHEDULE "B"****1. Locations of Debtor's Business Operations**

**47 YOUNG STREET  
OTTAWA, ONTARIO  
K1S 3H6**

**2. Locations of Records relating to Collateral (if different from 1. above)****3. Locations of Collateral (if different from 1. above)**

**SCHEDULE "C"**  
**(DESCRIPTION OF PROPERTY)**

SECURITY

E-FORM 86204 (1998/05)

GENERAL SECURITY AGREEMENT:

For value received, the undersigned (the "Debtor") hereby grants to Royal Bank of Canada ("RBC") a Security Interest in the Collateral as defined in Royal Bank's Standard General Security Agreement Terms (form 920 (1999/05)). The terms of the Standard General Security Agreement Terms are incorporated herein by reference and form part of this agreement (the "General Security Agreement"). The Customer acknowledges receipt of a copy of the General Security Agreement, including the Standard General Security Agreement Terms.

FUEL INDUSTRIES INC.

(If a Corporation or Partnership, insert name above)

  
\_\_\_\_\_

Witness (not required for corporations or partnerships)

  
\_\_\_\_\_

JOSHUA LEROUX  
Debtor (or Authorized Officer or Partner)

  
\_\_\_\_\_

BRIAN NESBITT  
Debtor (or Authorized Officer or Partner)

Date JAN 2, 2001

## GENERAL SECURITY AGREEMENT

E-FORM 924 (03/2008)

## 1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA ("RBC")**, a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;



(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

#### 4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

**5. USE AND VERIFICATION OF COLLATERAL**

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

**6. SECURITIES, INVESTMENT PROPERTY**

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

**7. COLLECTION OF DEBTS**

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

**8. INCOME FROM AND INTEREST ON COLLATERAL**

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

**9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

**10. DISPOSITION OF MONEY**

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

**11. EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

## 12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

## 14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## 15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

**INDIVIDUAL DEBTOR**

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

**BUSINESS DEBTOR**

NAME OF BUSINESS DEBTOR <b>FUEL INDUSTRIES INC.</b>			
ADDRESS OF BUSINESS DEBTOR 7 HINTON AVE N SUITE 100	CITY OTTAWA	PROVINCE ON	POSTAL CODE K1Y 4P1

**TRADE NAME (IF APPLICABLE)**

TRADE NAME OF DEBTOR			
PRINCIPAL ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 10<sup>th</sup> day of February, 2015.

FUEL INDUSTRIES INC.

*Antoinette Esposito*  
WITNESS

*[Signature]*



*Antoinette Esposito*  
WITNESS

*Andrew Wing*



**BRANCH ADDRESS**

VP OTTAWA SPECIALIZED CFS 90 SPARKS ST 2ND FLR OTTAWA ON K1P 5T6
---

**SCHEDULE "A"**

**(ENCUMBRANCES AFFECTING COLLATERAL)**

**SCHEDULE "B"****1. Locations of Debtor's Business Operations**

**7 HINTON AVE N, SUITE 100  
OTTAWA, ON K1Y 4P1**

**2. Locations of Records relating to Collateral (if different from 1. above)****3. Locations of Collateral (if different from 1. above)**

**SCHEDULE "C"**  
**(DESCRIPTION OF PROPERTY)**



**GUARANTEE AND POSTPONEMENT OF CLAIM****TO: ROYAL BANK OF CANADA**

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Fuel Industries Inc. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of Unlimited Dollars together with interest thereon from the date of demand for payment at a rate equal to the bank's prime rate + 5% percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

E-FORM 612 (05/2015)

(14) This guarantee and agreement shall extend to and endure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Ontario ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.R.S.A. Provinces except Ontario)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 08 24 2015  
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF

Antoinette Esposito  
Witness Signature 1

Antoinette Esposito  
Name:

[Signature]  
Witness Signature 2

Ross Lemieux  
Name:

[Signature]  
Fuel Technologies Inc.

[Signature]

Witness Signature 1

Name:

Witness Signature 2

Name:

Insert the full name and address of guarantor (Undersigned above).

Full name and address
7 Hinton Avenue N., Suite 100, Ottawa, ON K1Y 4P1

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

**THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)  
CERTIFICATE OF BARRISTER AND SOLICITOR**

I HEREBY CERTIFY THAT:

(1) \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by \_\_\_\_\_, Barrister and Solicitor at the \_\_\_\_\_ of \_\_\_\_\_, in the Province of Alberta, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

(Guarantor to sign in presence of Barrister and Solicitor)

**STATEMENT OF GUARANTOR**

I am the person named in the certificate \_\_\_\_\_  
Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engages in a farming operation or owns farm assets in Saskatchewan.)

**THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE  
(SECTION 31)  
CERTIFICATE OF LAWYER OR NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) \_\_\_\_\_ of \_\_\_\_\_ in the Province of \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at \_\_\_\_\_ this \_\_\_\_\_ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

\_\_\_\_\_  
A LAWYER OR A NOTARY PUBLIC IN AND FOR  
\_\_\_\_\_

**STATEMENT OF GUARANTOR**

I am the person named in the certificate \_\_\_\_\_  
Signature of Guarantor

FUEL TECHNOLOGIES INC.  
(the "Guarantor")

RESOLUTION OF DIRECTORS

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to FUEL INDUSTRIES INC. (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of UNLIMITED Dollars together with interest from the date of demand for payment at                      per cent. per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim upon the Bank's form, a copy of which has been submitted to this meeting, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by ANDREW WING, CO. CEO  
(IDENTIFY BY NAME AND TITLE)

and JULIE ALLEN, CFO  
(IDENTIFY BY NAME AND TITLE)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee and Postponement of Claim/Suretyship and Subordination of Claims so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a copy of this Resolution, certified by the Secretary of the Guarantor (under the corporate seal where required) be given to the branch of the Bank where the Customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a Resolution, certified by the Secretary of the Guarantor, changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constituting documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

CERTIFIED this 08 24 2015 as witness, where required by law, under the corporate seal of the Guarantor. (MONTH) (DAY) (YEAR)

(FOR BANK USE ONLY) INITIALS Prepared by | Checked by

(Corporate Seal where required by law) Julie Allen Secretary

## GENERAL SECURITY AGREEMENT

E-FORM 924 (06/2015)

## 1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to ROYAL BANK OF CANADA ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of Intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

#### 4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

**5. USE AND VERIFICATION OF COLLATERAL**

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

**6. SECURITIES, INVESTMENT PROPERTY**

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

**7. COLLECTION OF DEBTS**

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

**8. INCOME FROM AND INTEREST ON COLLATERAL**

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

**9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

**10. DISPOSITION OF MONEY**

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

**11. EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;



h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

## 12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the Instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

## 14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## 15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

**INDIVIDUAL DEBTOR**

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

**BUSINESS DEBTOR**

NAME OF BUSINESS DEBTOR Fuel Technologies Inc.			
ADDRESS OF BUSINESS DEBTOR 7 Hinton Avenue North, Suite 100	CITY Ottawa	PROVINCE ON	POSTAL CODE K1Y 4P1

**TRADE NAME (IF APPLICABLE)**

TRADE NAME OF DEBTOR			
PRINCIPAL ADDRESS OF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 24<sup>th</sup> day of August 2015

Antoinette Esposito  
WITNESS  
Antoinette Esposito  
WITNESS

FUEL TECHNOLOGIES INC.

Andrew L. Wing  
ANDREW WING  
FUEL TECHNOLOGIES INC  
MICHEL BURNS



**BRANCH ADDRESS**

--

**SCHEDULE "A"**

**(ENCUMBRANCES AFFECTING COLLATERAL)**

1. 2013 TOYOTA CAMRY  
2. 2013 TOYOTA CAMRY  
3. 2013 TOYOTA CAMRY

**SCHEDULE "B"****1. Locations of Debtor's Business Operations**

7 HINTON AVE N SUITE 100  
OTTAWA ON  
K1Y 4P1

**2. Locations of Records relating to Collateral (if different from 1. above)****3. Locations of Collateral (if different from 1. above)**

**SCHEDULE "C"**  
**(DESCRIPTION OF PROPERTY)**

## GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Fuel Industries Inc. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between this Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of Unlimited Dollars together with interest thereon from the date of demand for payment at a rate equal to the bank's prime rate + 5% percent per annum as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and charge any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfill any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be effected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suitable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.



STIPULATED AGREEMENT

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Ontario ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

Available in all  
F.P.A.L.  
Provinces  
except  
Quebec

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 08 24 2015  
(month) (day) (year)

IN THE PRESENCE OF

Antoinette Esposito  
Name  
Antoinette Esposito  
Name  
[Signature]  
Name  
Boss Lemieux  
Name

[Signature]  
Name  
[Signature]  
Name

Witness Name 1  

---

  
Name  

---

  
Witness Signature 1  

---

---

---

---

Name:  
Insert the full name and address of guarantor (Undersigned above).

Full name and address  
7 Hinton Avenue N., Suite 100, Ottawa, ON K1Y 4P1

FORM #12 (01/01)

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

File by  
notarized  
only where  
the  
guarantor is  
not a  
corporation

**THE GUARANTEEES ACKNOWLEDGEMENT ACT (ALBERTA)  
CERTIFICATE OF BARRISTER AND SOLICITOR**

I HEREBY CERTIFY THAT:

(1) \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and undertakes it.

CERTIFIED by \_\_\_\_\_, Barrister and Solicitor at the \_\_\_\_\_ of \_\_\_\_\_, in the Province of Alberta, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Signature

**STATEMENT OF GUARANTOR**

Guarantor  
to sign in  
presence  
of  
Barrister  
and  
Solicitor

I am the person named in the certificate \_\_\_\_\_  
Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engaged in a farming operation or owns farm assets in Saskatchewan.)

**THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE  
(SECTION 31)  
CERTIFICATE OF LAWYER OR NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) \_\_\_\_\_ of \_\_\_\_\_ in the Province of \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and undertakes it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at \_\_\_\_\_ this \_\_\_\_\_ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

**STATEMENT OF GUARANTOR**

I am the person named in the certificate \_\_\_\_\_  
Signature of Guarantor

This is Exhibit "X" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**ASSIGNMENT OF DEBT AND SECURITY AGREEMENT**

This Agreement is dated the 23<sup>rd</sup> day of May 2017.

**BETWEEN:**

**ROYAL BANK OF CANADA  
(the "Assignor")**

- and -

**CHOU ASSOCIATES MANAGEMENT INC.  
(the "Assignee")**

**WHEREAS:**

- A. The Assignor has made credit facilities available to Fuel Industries Inc. (the "**Borrower**") pursuant to a loan agreement dated October 29, 2013, as amended by amending agreements dated March 18, 2014, February 3, 2015, August 24, 2015 and September 8, 2016, and as supplemented by a forbearance agreement dated as of February 9, 2017 (the "**Loan Agreement**") pursuant to which the Borrower has outstanding debts, liabilities and obligations to the Assignor totalling \$303,895.75 as of May 23, 2017, comprised of principal, interest and costs as more particularly set out in Schedule "A" hereto which sets out the current amount thereof as of the date hereof (the "**Debt**");
- B. As security for the payment of the Debt and the obligations under the Loan Agreement, the Assignor holds the security instruments and guarantees listed in Schedule "B" attached hereto, which instruments were issued by the Borrower and the Guarantor (as defined herein) in favour of the Bank and which are hereinafter collectively referred to as the "**Security Instruments**";
- C. The Assignee acknowledges having been provided with a copy of each of the Loan Agreement and the Security Instruments;
- D. The Assignee wishes to acquire the Loan Agreement, the Debt, and the Security Instruments for the Purchase Price (as defined herein); and
- E. The Assignor has agreed to assign the Loan Agreement, the Debt, and the Security Instruments (collectively, the "**Assigned Assets**") to the Assignee for the Purchase Price; and
- F. The Assignor has agreed to allow the Borrower to maintain its bank account with the Assignor, which is a condition of the Assignee agreeing to the purchase contemplated hereby, as a regular chequing account with no overdraft privileges, until July 31, 2017.

**NOW THEREFORE** in consideration of the payment of the Purchase Price by the Assignee to the Assignor and the acknowledgements, agreements and covenants contained herein, and other good and valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

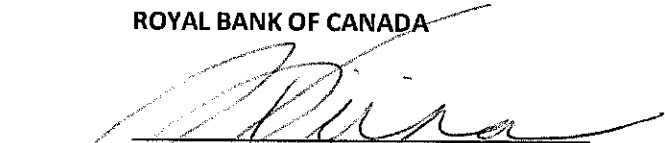
1. The purchase price payable by the Assignee to the Assignor for the Assigned Assets is the amount of \$303,895.75 (the "**Purchase Price**"), which shall be paid to the Assignor, or as it may direct, by wire transfer or other certified funds.
2. In consideration of the payment of the Purchase Price, the Assignor hereby assigns and transfers to the Assignee all of the Assignor's right, title and interest in and to the Assigned Assets, and the benefit of all covenants, agreements and powers pursuant to the following: (i) the Debt and the Loan Agreement; (ii) the Security Instruments; and (iii) all guarantees given by Fuel Technologies Inc. (the "**Guarantor**") to the Assignor of the obligations of the Borrower under the Loan Agreement and all security provided by the Guarantor for such guarantees pursuant to the Security Instruments executed by the Guarantor.
3. The Assignee hereby agrees, which the Assignor acknowledges the Assignee is relying on in connection with the purchase of the Assigned Assets:
  - (a) that the Assignor is assigning the Assigned Assets on an "as is where is" basis;
  - (b) except for the representations of the Assignor set forth in Section 4 below, there are no representations or warranties of any nature whatsoever whether express or implied, statutory or otherwise, made by or on behalf of the Assignor or its officers, directors, employees or agents with respect to any aspect of the Assigned Assets, or any other matter, in respect of all of which the Assignee has satisfied itself. Without in any way limiting the generality of the foregoing, except as specifically set out herein, this Assignment is made without representation or warranty whatsoever with respect to the execution, attachment, registration or perfection of any security interest held by the Assignor under the Security Instruments, the validity and enforceability of the Security Instruments or any priority granted by an principal of law or any statute, including the *Personal Property Security Act* (Ontario), to any competing security interests over the Security;
  - (c) the assignment of the Assigned Assets is without recourse to the Assignor; and
  - (d) the enforcement of the Assigned Assets shall be done in the name of the Assignee, and not in the name of the Assignor.
4. The Assignor hereby represents and warrants to the Assignee as follows:
  - (a) that the Debtor is indebted to the Assignor in the amount set forth on Schedule "A";
  - (b) the Assignor has not previously assigned, discharged, released or otherwise encumbered the Assigned Assets, or the rights, powers and benefits thereunder; and

- (c) that, there are no other material written agreements or amendments or supplements to the agreements comprising the Loan Agreement and the Security Instruments executed by the Assignor other than those set forth and listed herein and in the schedules hereto.
5. Except as specifically set forth herein, the Assignee hereby absolutely releases the Assignor, its affiliates and their respective officers, directors, employees, agents and representatives from any and all present and future claims, debts, liabilities and obligations in respect of or in connection with the Assigned Assets.
  6. The Assignee shall prepare for execution by the Assignor, and the Assignor shall execute and return to the Assignee, documents which may be reasonably required to record the assignment of the Assigned Assets under any applicable legislation at the sole cost and expense of the Assignee. If the Assignee fails to promptly record the assignment, the Assignor may do so and the Assignee shall promptly reimburse the Assignor for all costs incurred in doing so. In addition, the parties shall each execute such further documents and do such further acts as the other party reasonably requests in order to give further effect to this Agreement.
  7. The Assignor agrees to allow the Borrower to maintain its bank account with the Assignor as a chequing account with no overdraft privileges until July 31, 2017.
  8. This Agreement shall be binding on and enure to the benefit of the parties hereto and their respective successors and assigns.
  9. This Agreement shall be exclusively governed by, and construed and enforced in accordance with the laws of the Province of Ontario.
  10. 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 and may be delivered by facsimile or electronic transmission.
  11. This Agreement constitutes the entire agreement between the parties as to the matters dealt with herein. There are not and shall not be any other oral statements, representations, warranties, undertakings or agreements.
  12. The parties acknowledge and agree that if any provision of this Agreement or the application thereof becomes illegal or unenforceable, it shall during such period be considered severable from the remaining provisions of this Agreement which shall remain in force and be binding as though the said provision had never been included.
  13. This Agreement has been drafted with the equal participation of all parties hereto and the parties hereto hereby acknowledge and agree that the *contra proferentum* rule has no application.

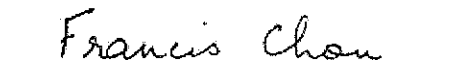
- 14. The parties acknowledge and agree that they have received independent legal advice with respect to the terms and provisions of this Agreement or have been advised to obtain the same and have declined to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**ROYAL BANK OF CANADA**

  
Name: Sandy Viikna  
Title: SLAS Manager  
I have authority to bind the Bank

**CHOU ASSOCIATES MANAGEMENT INC.**

  
Name: Francis Chou  
Title: Chief Executive Officer  
I have authority to bind the Company

**SCHEDULE A**

Outstanding principal as of the date of the Agreement:	\$	241,653.62
Outstanding interest as of the date of the Agreement:	\$	1,972.94
Professional and other fees, disbursements, HST, etc. incurred by the Bank to date:	\$	56,769.19
Professional fees, disbursements and HST to finalize matter:	\$	<u>3,500.00</u>
<b>TOTAL:</b>	<b>\$</b>	<b>303,895.75</b>



**SCHEDULE B**

The Security Instruments are comprised of the following documents:

1. General Security Agreement of Fuel Industries Inc., dated March 28, 2003
2. General Security Agreement of Fuel Industries Inc., dated February 10, 2015
3. Guarantee and Postponement of Claim of Fuel Technologies Inc., dated August 24, 2015
4. General Security Agreement of Fuel Technologies Inc., dated August 24, 2015

This is Exhibit "Y" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

Purpose	This document is a binding loan agreement.
Lender	Andrew L. Wing 1380 Doheny Place Los Angeles, CA 90069
Borrower	Fuel Industries Inc. (7 Hinton Ave. N, Suite 100, Ottawa ONTARIO K1Y 4P1 Canada) and each of its subsidiaries, including but not limited to Fuel Industries (U.S.) Inc. (collectively the "Borrower").
Facility	Term Loan in the amount of US \$415,900
Term	Six months, commencing from Funding Date.
Funding Date	January 1, 2017.
Use of Proceeds	General working capital purposes.
Interest Rate	14% per annum, payable at end of term.
Default Interest Rate	Interest Rate + 3%.
	.
Prepayment	The Facility may be prepaid in whole or in part at any time or times provided that the minimum payment shall be at least \$100,000. Any prepayment shall be applied firstly to costs (if any), secondly to accrued and unpaid interest and thirdly to outstanding principal.

<p>Lender's Security</p>	<p>Customary for the financing contemplated by this Agreement all in a form satisfactory to the Lender, to include:</p> <ol style="list-style-type: none"> <li>1. A general security interest in the Borrower's present and after acquired assets. This security interest shall be subordinated in rank first to the security granted in favor of the RBC and second to Chou RRSP Fund.</li> <li>2. Guarantee of the Facility by the subsidiaries of Fuel Industries Inc. supported by a general security interest in the present and after acquired assets of the subsidiaries.</li> <li>3. Subordination and postponement of claim and standstill agreement with respect to all shareholder loans and security.</li> </ol>

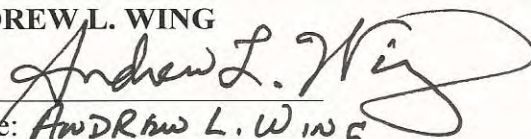
**BORROWER:**

**FUEL INDUSTRIES INC.**

By:   
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**LENDER:**

**ANDREW L. WING**

By:   
 Name: Andrew L. Wing



This is Exhibit "Z" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits



**André A. Ducasse**

Partner

Direct line: 613.782.3225

Email address: [aducasse@solowaywright.com](mailto:aducasse@solowaywright.com)

FILE NO: 50028-1039

**BY REGISTERED MAIL AND REGULAR MAIL**

January 13, 2017

Fuel Industries Inc.  
7 Hinton Avenue North, Suite 100  
Ottawa, ON K1Y 4P1

Dear Sir, Madam:

**Re: Indebtedness to Royal Bank of Canada**

We are the lawyers for Royal Bank of Canada (the "Bank"). Fuel Industries Inc. (the "Company") is indebted to the Bank as of January 13, 2017, in respect of the following:

Credit Facility	Loan No.	Amount Outstanding	Interest
Demand Loan	06972 771109981 005	\$737,192.09	\$124.85 (per diem)
Demand Loan	06972 771109981 016	\$317.89	
Demand Loan	06972 771109981 017	\$589.86	
Demand Loan	06972 771109981 018	\$1,407.87	

The foregoing indebtedness owed to the Bank by the Company as of January 13, 2017 is therefore the aggregate amount of **\$739,507.71**, plus ongoing interest, fees, costs and disbursements (the "Indebtedness").

The Indebtedness to the Bank is secured by, amongst other things, the Security instruments described in Schedule "A" attached hereto (hereinafter collectively referred to as the "Security").

In light of the Company's defaults with respect to the above-noted loans and Security and the Company's breaches of various covenants contained in the loan agreements and the Security, on behalf of the Bank, we hereby demand payment from the Company of the full amount of the Indebtedness, along with accrued interest and cost, by January 23, 2017. The Bank reserves its right

---

Ottawa Office

700 – 427 Laurier Avenue West, Ottawa ON K1R 7Y2  
T: 613.236.0111 | 1.866.207.5880 | F: 613.238.8507

Kingston Office

510 – 366 King Street, Kingston ON K7K 6Y3  
T: 613.544.7334 | 1.800.263.4257 | F: 1.800.263.4213

---

to enforce its Security. The Bank also reserves its right to take earlier enforcement proceedings with respect to its Security in the event that it determines a material adverse change occurred in the Company's financial circumstances.

Should the Company fail to pay the Indebtedness by January 23, 2017, this correspondence shall constitute notice, pursuant to the Security held by the Bank, of the Bank's demand for payment of the Indebtedness together with additional accrued interest and legal costs incurred to the date of payment.

Enclosed please find a Notice of Intention to Enforce Security which is delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, along with a Consent with respect to earlier enforcement for your execution.

You may direct communications with respect to satisfaction of your obligations to the undersigned.

Yours very truly,



André A. Ducasse  
AAD/rrc

Encls.



**Schedule "A"**

1. General Security Agreement of Fuel Industries Inc., dated March 28, 2003
2. General Security Agreement of Fuel Industries Inc., dated February 10, 2015
3. Guarantee and Postponement of Claim of Fuel Technologies Inc., dated August 24, 2015
4. General Security Agreement of Fuel Technologies Inc., dated August 24, 2015

**CONSENT**

**TO:** Soloway Wright LLP  
700 – 427 Laurier Avenue West  
Ottawa, ON K1R 7Y2

**FROM:** Fuel Industries Inc.  
7 Hinton Avenue North, Suite 100  
Ottawa, ON K1Y 4P1 (the “Debtor”)

**DATED:** January 13, 2017

The Debtor hereby acknowledges receipt of a Notice of Intention to Enforce Security (the “Notice”) issued by Soloway Wright LLP on behalf of Royal Bank of Canada pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act* in respect of the security granted by the Debtor in favour of Royal Bank of Canada. A copy of the Notice is attached.

The Debtor hereby consents to Royal Bank of Canada enforcing the security described in the Notice prior to the expiry of the ten (10) day period referred to in the Notice or any time thereafter.

The Debtor hereby releases Royal Bank of Canada, its officer, employees, agents and assigns and each of them of and from all actions, claims and demands whatsoever at law or in equity which the Debtor may have by reason of the enforcement of the security by Royal Bank of Canada prior to the expiry of the said notice period.

Fuel Industries Inc.

---

Name:

Title:

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**Pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act***  
**R.S.C. 1985, c.B-3 as amended**

TO: Fuel Industries Inc.  
 7 Hinton Avenue North, Suite 100  
 Ottawa, ON K1Y 4P1 (the "Debtor")

**TAKE NOTICE THAT:**

1. Royal Bank of Canada, a secured Creditor, intends to enforce its security described below on the property of the insolvent Debtor.
2. The Security that is to be enforced is in the form of the security instruments described in Schedule "A" attached hereto (hereinafter collectively referred to as the "Security").
3. The outstanding indebtedness owed to Royal Bank of Canada as of January 13, 2017 is as follows:

<b>Credit Facility</b>	<b>Loan No.</b>	<b>Amount Outstanding</b>	<b>Interest</b>
Demand Loan	06972 771109981 005	\$737,192.09	\$124.85 (per diem)
Demand Loan	06972 771109981 016	\$317.89	
Demand Loan	06972 771109981 017	\$589.86	
Demand Loan	06972 771109981 018	\$1,407.87	

The foregoing indebtedness owed to the Bank is therefore the aggregate amount of **\$739,507.71**, plus ongoing interest which will accrue at the rates detailed above, as well as costs, fees and disbursements.

4. The secured Creditor will not have the right to enforce this security until after the expiry of the 10-day period following the sending of this Notice, unless the insolvent Debtor consents to an earlier enforcement.

**DATED** at OTTAWA, this 13<sup>th</sup> day of January, 2017.

**ROYAL BANK OF CANADA**  
 by its lawyers, **SOLOWAY WRIGHT LLP**

\_\_\_\_\_  
**André A. Ducasse, SOLOWAY WRIGHT LLP**

700 – 427 Laurier Avenue West

Ottawa ON K1R 7Y2

613.236.0111 telephone / 613.238.8507 facsimile

**Schedule "A"**

1. General Security Agreement of Fuel Industries Inc., dated March 28, 2003
2. General Security Agreement of Fuel Industries Inc., dated February 10, 2015
3. Guarantee and Postponement of Claim of Fuel Technologies Inc., dated August 24, 2015
4. General Security Agreement of Fuel Technologies Inc., dated August 24, 2015

This is Exhibit "AA" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**FORBEARANCE, RESTRUCTURING AND SUPPORT AGREEMENT**

THIS AGREEMENT is dated the 23<sup>rd</sup> day of May, 2017.

BETWEEN:

**CHOU ASSOCIATES MANAGEMENT INC.**

(the “**Creditor**”)

- and -

**FUEL INDUSTRIES INC.**

(the “**Fuel Industries**” or the “**Borrower**”)

- and -

**FUEL TECHNOLOGIES INC.**

(“**Fuel Technologies**” or the “**Guarantor**”, and together with Fuel Industries, the “**Fuel Companies**”)

WHEREAS Royal Bank of Canada (“**RBC**”) made credit facilities available to Fuel Industries pursuant to a loan agreement dated October 29, 2013, as amended by amending agreements dated March 18, 2014, February 3, 2015, August 24, 2015 and September 8, 2016 and as supplemented by a forbearance agreement dated as of February 9, 2017 (the “**RBC Forbearance Agreement**”, and collectively with the loan agreement as amended to the date hereof, the “**RBC Loan Agreement**”) pursuant to which the Borrower had outstanding debts, liabilities and obligations to the RBC totaling \$303,895.75 as of the date hereof, comprised of principal, interest and costs (the “**RBC Indebtedness**”);

AND WHEREAS pursuant to an assignment of debt and security dated as of the date hereof (the “**Assignment Agreement**”) made by RBC in favour of the Creditor, RBC has assigned to the Creditor and the Creditor has acquired from RBC all of RBC’s right title and interest in the RBC Indebtedness, the RBC Loan Agreement and the RBC Security;

AND WHEREAS the Creditor has made credit facilities available to the Fuel Companies pursuant to a loan agreement dated February 9, 2015, as amended to the date hereof and a loan agreement dated June 22, 2016 as amended to the date hereof (together, the “**Chou Loan Agreements**” and collectively with the RBC Loan Agreement, the “**Loan Agreements**”) pursuant to which the Fuel Companies have outstanding debts, liabilities and costs to the Creditor comprised of principal in the aggregate amount of \$6,790,889.00, accrued interest in the amount of \$412,958.95 and costs, as well as amounts owing for OIDMTC tax credit receivable factoring in the amount of \$1,592,273.00 (the “**Chou Indebtedness**”);

AND WHEREAS Fuel Technologies has guaranteed payment of the Chou Indebtedness to the Creditor pursuant to the guarantees listed on Schedule A (the “**Chou Guarantees**”) and as security for the payment of the Chou Indebtedness and performance of the Chou guarantee, executed and delivered to the Creditor the security documents set out in Schedule “A” (the “**Chou Security**”);

AND WHEREAS Fuel Industries and Fuel Technologies have defaulted in payment of the RBC Indebtedness and the Chou Indebtedness (collectively, the “**Indebtedness**”) and the RBC Security and the Chou Security (collectively, the “**Security**”) are enforceable;

AND WHEREAS Fuel Industries and Fuel Technologies are attempting to restructure their businesses and affairs and to secure financing to repay the Indebtedness to the Creditor and/or seek to implement the sale of the Fuel Companies' business as a going concern sale (the "**Restructuring Process**");

AND WHEREAS Fuel Industries and Fuel Technologies have requested that the Creditor forbear from enforcing the Security and the Creditor, Fuel Industries and Fuel Technologies have agreed to enter into this forbearance, restructuring and support agreement on the terms and conditions set forth herein (the "**Agreement**");

NOW THEREFORE in consideration of the acknowledgements, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

- (a) the Creditor agrees with Fuel Industries and Fuel Technologies to forbear with respect to further enforcement of the Security in accordance with and subject to the terms of this Agreement;
- (b) Fuel Industries and Fuel Technologies agree to execute this Agreement in order to confirm to the Creditor the continuing nature of their obligations to the Creditor; and
- (c) the parties hereto undertake, agree to, acknowledge and confirm the terms outlined below.

1. Forbearance

For the period (the "**Restructuring Period**") commencing on the date of execution of this Agreement by Fuel Industries, Fuel Technologies and the Creditor and terminating on the earlier of the date on which the Creditor delivers a notice terminating the forbearance provided for in this Agreement as herein provided, or June 27, 2017, the occurrence of which shall be referred to as the "**Termination**", and subject to the compliance of Fuel Industries and Fuel Technologies with and satisfaction of the terms, provisions and conditions contained in this Agreement, and subject to any further extensions of time in accordance with this Agreement, the Creditor shall forbear from enforcing the Security.

2. Conditions Precedent to Effectiveness of this Agreement

The effectiveness of this agreement shall be subject to the satisfaction of the following conditions precedent in the sole discretion of the Creditor, which are for the sole and exclusive benefit of the Creditor and may only be waived by the Creditor in writing:

- (a) Richters LLP ("**Richters**") having been appointed as financial advisor to assist each of Fuel Industries and Fuel Technologies and the Creditor in facilitating the Restructuring Process;
- (b) the RBC Indebtedness shall have been assigned to the Creditor immediately prior to the effectiveness of this Agreement;
- (c) the Fuel Companies shall have delivered written consent to a judgement in favour of the Creditor for the amount of the Indebtedness and a consent to the appointment of a receiver;
- (d) the Creditor shall have received any requested information relating to the 2016 tax credit filings and any assessments or notices in respect thereof; and

- (e) the Creditor shall have received all such other information and documentation as the Creditor shall have reasonably requested and be satisfied with the contents thereof.

3. Acknowledgments

In connection with this Agreement, the Fuel Companies acknowledge and consent as follows:

- a. Fuel Industries and Fuel Technologies hereby acknowledge and consent to the assignment of the RBC Indebtedness and RBC Security by RBC to the Creditor;
- b. each of Fuel Industries and Fuel Technologies acknowledge that defaults (the “**Defaults**”) have occurred which have entitled the Creditor to, amongst other things, declare the Indebtedness immediately due and payable and to proceed to the enforcement of the Security;
- c. Fuel Industries and Fuel Technologies acknowledge that they have each defaulted in payment of the Indebtedness and there has been a material adverse change in the financial condition of each of Fuel Industries and Fuel Technologies. By executing this Agreement, each of Fuel Industries and Fuel Technologies acknowledge the Defaults and further acknowledge and agree that they are liable to the Creditor for the full amount of the Indebtedness, which is due and payable in full and is not subject to any set-off, defense or counterclaim on the part of Fuel Industries and/or Fuel Technologies;
- d. Fuel Industries and Fuel Technologies acknowledge receipt of the Notice of Intention to Enforce Security delivered by RBC in relation to the RBC Indebtedness (the “**Notice**”) and related demand letters dated January 13, 2017 all rights under which have been assigned to the Creditor, demanding payment of the Indebtedness, and neither Fuel Industries nor Fuel Technologies requests that the Creditor withdraw the Notice or demands for payment;
- e. Fuel Industries and Fuel Technologies acknowledge that as at the date hereof, the Fuel Companies were indebted to the Creditor in the amounts outlined in the recitals above;
- f. Fuel Industries and Fuel Technologies confirm that they do not dispute their liability to pay the Indebtedness, and acknowledge that the Indebtedness is correctly stated and remains outstanding and unpaid;
- g. Fuel Industries and Fuel Technologies agree, acknowledge and affirm that, except as herein expressly provided, the Creditor has not been required nor has it made any commitment to provide any further financing or credit facilities, and that the Creditor reserves its rights and remedies should Fuel Industries and/or Fuel Technologies fail to comply with the provisions of this Agreement; and
- h. Fuel Industries and Fuel Technologies confirm that entering into this Agreement does not vitiate, alter, release or discharge them from their obligations pursuant to any security given in favour of the Creditor and confirm that the Security remains in full force and effect and continues to be binding against them.

4. Covenants of Fuel Industries and Fuel Technologies during the Restructuring Period

In order to induce the Creditor to forbear from exercising its rights and remedies as set forth above, the Fuel Companies hereby covenant and agree with the Creditor during the Restructuring Period as follows:



- a. the Fuel Companies shall continue to comply with all covenants and to perform or observe all obligations and conditions contained in the Loan Documents except as modified hereby, including the covenants in the RBC Forbearance Agreement, all of which Loan Documents the Fuel Companies confirm continue in full force and effect;
- b. Fuel Industries and Fuel Technologies shall fully cooperate with the Creditor, and shall provide access to the Creditor, Richters and with any other party designated by the Creditor in its sole discretion to conduct and report on its behalf in respect of any reasonable valuations, examinations, assessments, appraisals and similar reviews of Fuel Industries and Fuel Technologies in respect of its business, financial affairs, assets or property, all at the expense of Fuel Industries and Fuel Technologies, on a joint and several basis. Tracy Chou of the Creditor will act as primary representative of the Creditor during the Restructuring Period;
- c. the Fuel Companies will complete its sales process under Richters' supervision (the "**Sales Process**") and all discussions with third parties for the sale of the business or of any assets of the business of the Fuel Companies be conducted jointly with representatives of Richters;
- d. the Fuel Companies will forthwith update Richters regarding the sales process undertaken to date and together with Richters determine the nature of the remaining Sales Process, if any, required to market the Fuel business as a going concern transaction on or before June 27, 2017 or such later date as determined by Richters provided the Restructuring Period is extended accordingly;
- e. throughout the Restructuring Period Fuel Industries and Fuel Technologies shall:
  - i. keep the Creditor fully informed of all efforts made and activities carried out in respect of the Restructuring Process
  - ii. promptly advise the Creditor of any formal or informal inquiries or expressions of interest, whether received verbally or in writing, for a sale of the business or its assets or any financing or similar transaction; and
  - iii. report to the Creditor on the status of the Restructuring Process as and when required by the Creditor and, in this regard, shall provide the Creditor with any and all information that the Creditor may request in its sole discretion;
- f. The Creditor is entitled to call on, at its sole discretion, additional parties/advisors/resources during the Restructuring Period to assist with its due diligence and restructuring review;
- g. Fuel Industries and Fuel Technologies shall provide such detailed and ongoing financial and other reporting as may be reasonably requested by Richters or the Creditor in their sole discretion so as to facilitate the ongoing assessment of Fuel Industries and Fuel Technologies throughout the Restructuring Period. Each of Fuel Industries and Fuel Technologies shall cause their respective management teams, being Mike Burns, Dave Ozipko, Bradon Bailey, Julie Allen and such other individuals as are designated as management by the Creditor ("**Management**"), to cooperate directly and independently and shall cause their employees and agents to co-operate with the Creditor and Richters' information requests from time to time. Without in any way limiting the generality of the

foregoing, Fuel Industries and Fuel Technologies shall forthwith provide the following information/documentation/access to the Creditor, Richters and such other parties designated by the Creditor from time to time in its sole discretion, in respect of Fuel Industries and Fuel Technologies:

- i. all documents, emails, files as well as computer databases and files (or copies thereof) in respect of or in any way relating to or in support of each of the 2014, 2015, 2016 and 2017 Ontario Interactive Digital Media Tax Credits (OIDMTC) existing as at the date hereof and thereafter forthwith as they arise following delivery of the documents, emails, files as well as computer databases from time to time;
- ii. detailed monthly list of all accounts payable;
- iii. access (including to any dataroom previously set up for a sales process) to financial information and other information in respect of the employees of each of Fuel Technologies and Fuel Industries as may be required to permit due diligence and a restructuring model to be completed by the Creditor and Richters, including, without limiting the generality of the foregoing, all documentation in respect of the assets, intellectual property, contracts and liabilities of each of Fuel Technologies, Fuel Industries and any of their respective Canadian and U.S. subsidiaries;
- iv. detailed aged monthly list of all accounts receivable along with supporting invoices;
- v. full details of any outstanding priority payables, including, without limitation, unpaid wages, source deductions and HST, along with all supporting documentation in respect of same;
- vi. monthly sales pipeline report or equivalent to permit the Creditor to track sales efforts;
- vii. all the minutes of the board meetings of each of Fuel Industries and Fuel Technologies commencing January 1, 2016 and for all periods thereafter and hereafter;
- viii. twice weekly (Tuesday and Fridays) updates with regard to the cash flow of each of Fuel Industries and Fuel Technologies with respect to new fully executed statements of work completed since the prior twice weekly update;
- ix. a list identifying all domestic and foreign bank accounts, wherever located, held in the name of Fuel Industries, Fuel Technologies or any of their respective subsidiaries;
- x. a detailed rolling thirteen week cashflow forecast, which shall be approved by the Creditor on a weekly basis (the “**Approved Cash Flow Forecast**”) and a six months cash flow forecast; and
- xi. such other information and documentation as may be requested by the Creditor and Richters from time to time;

- h. with respect to amounts on deposit in the Fuel Companies bank accounts with Royal Bank of Canada on the date hereof and any amounts funded by the Creditor to the Obligor on the date hereof pursuant to the Facility 1 May 2017 Advance (as defined herein), such amounts shall be paid on account of those payables that are listed in Schedule B as critical payables;
- i. All other payments to be made on account of payables and other obligations, shall be made in accordance with the Approved Cash Flow Forecast;
- j. Fuel Industries and Fuel Technologies shall provide the Creditor with direct access (including the right and authorization to review bank account activity on a daily basis) to the bank account with RBC having account number 1065325 at institution 003 and branch 00006 in the name of Fuel Industries;
- k. Fuel Industries and Fuel Technologies shall grant the Creditor and its agents, including, without limitation, Richter, the status of authorized representatives to access Fuel's account on the Ontario Media Development Corporation (OMDC) Portal, as well as access to any personnel at Fuel Industries and/or Fuel Technologies with knowledge of the products being claimed;
- l. the Fuel Companies shall arrange to have the audit review of the 2016 financial statements conducted by Cooper & Company;
- m. for the period up to June 27, 2017, Fuel Industries and Fuel Technologies shall maintain the reduced the remuneration payable to those employees that are shareholders of Fuel Industries and Fuel Technologies at the level of 50% of their pre-Restructuring Period current payroll amounts. From June 27, 2017 through to the period in which the Creditor completes a Restructuring Transaction and/or determines that it will no longer be proceeding with a Restructuring Transaction, the said salaries shall increase to the level of 75% of their pre-Restructuring Period current payroll amounts;
- n. Fuel Industries and Fuel Technologies shall not license, sell or dispose of any of their assets, without the prior written consent of the Creditor; and
- o. neither Fuel Technologies nor Fuel Industries shall discuss or otherwise communicate with employees, customers, suppliers or other stakeholders of each of Fuel Technologies and Fuel Industries with respect to the terms of this Agreement or otherwise in connection with the Restructuring without the prior written consent of the Creditor, which consent, if granted, shall set out the contents and form of such communication.

## 5. Restructuring Transaction

The parties agree as follows in relation to the Restructuring Process during the Restructuring Period:

- a. in the absence of an offer from a third party being acceptable to the Creditor at the end of the Restructuring Period, each of Fuel Technologies and Fuel Industries acknowledge that it is the intention of the Creditor to structure a transaction, either by way of an asset sale and/or restructuring proposal, which would ultimately see the Creditor credit bidding / converting its current secured debt in order to facilitate the sale of the business as a going concern (the "**Restructuring Transaction**"). The Fuel Companies and

Management shall co-operate with the Creditor to commence such court proceedings as may be required to implement the Restructuring Transaction. It may be necessary in order to preserve the OIDMTC tax credits that certain of the assets remain within Fuel Industries, and the Creditor will use the Restructuring Period to determine the form of the Restructuring Transaction which would ensure an effective means to preserve and monetize the assets of each of Fuel Technologies and Fuel Industries;

- b. To the extent determined further financing is required as a result of ongoing cash flow being insufficient to support the Approved Cash Flow Forecast, the Creditor may elect to provide secured financing to Fuel Technologies and/or Fuel Industries during the Restructuring Period to an amount determined by the Creditor in its sole discretion and on such terms and conditions as it deems appropriate, the proceeds of which shall be used to ensure current payroll for then current employees and other critical payables as determined by the Creditor are satisfied;
- c. during the Restructuring Period, the Creditor will review the current employee structure of each of Fuel Technologies and Fuel Industries and determine, in its sole discretion, the team members who will be offered continued employment as part of the Restructuring Transaction;
- d. following the completion of the Restructuring Transaction, with respect to any Management who the Creditor determines will be offered continued employment as part of the Restructuring Transaction, the Creditor and such Management employees shall negotiate in good faith the terms of their employment. Each of Fuel Technologies and Fuel Industries acknowledges and agrees that there can be no assurance that any employees, including any member of Management, will be offered continued employment as part of the Restructuring Transaction;
- e. the Fuel Companies and Management will provide support to the Creditor, Richters and such other parties designated by the Creditor from time to time in its sole discretion, during the Restructuring Period and will take all commercially reasonable actions that are reasonably necessary or appropriate to advance the Restructuring Transaction and to maximize the Creditor's recovery and shall cooperate with the Creditor and Richters in completing the Restructuring Transaction. In furtherance of the foregoing, Management will work to preserve the current assets, contracts, customers, relationships and goodwill of each of Fuel Technologies and Fuel Industries during this time period and take any necessary steps to transition Fuel Technologies and Fuel Industries through the Restructuring Transaction with its customers and suppliers intact;
- f. except as provided for in the Approved Cash Flow Forecast, the Fuel Companies shall not pay or distribute funds to or enter into or pay any settlements with any other current or future creditor or shareholders of Fuel Industries or Fuel Technologies without obtaining the prior written consent of the Creditor;
- g. Fuel Industries and Fuel Technologies shall continue to provide complete financial disclosure, including weekly cash flows and transparency to the Creditor, including but not limited to, providing the Creditor with information and regular status updates regarding discussions with any third party funders during the Restructuring Period. Each of Fuel Industries and Fuel Technologies will agree to Richters' monitoring of the Fuel Industries and Fuel Technologies and their respective affairs which will include and involve a reporting by Fuel Industries and Fuel Technologies as requested by Richters

from time to time, and periodic attendances by representative by Richter's at the offices of Fuel Industries and/or Fuel Technologies. During the Restructuring Period, Fuel Industries and Fuel Technologies will continue to be in control of their respective operations but will provide to Richters such information and documentation, as requested by Richters from time to time.

6. Expenses and Legal Fees

Fuel Industries and/or Fuel Technologies shall pay to the Creditor, as and when incurred, all of its fees, costs, expenses, disbursements and taxes, of every nature and kind, incurred by the Creditor in the negotiation, preparation and implementation of this Agreement, and all other aspects of the relationship between Fuel Industries and/or Fuel Technologies and the Creditor, including the enforcement by the Creditor of the Security and the ongoing costs of the engagement of Richters and the Creditor's counsel and advisors (collectively, the "**Expenses**"), and such amounts shall be added to and form part of the Indebtedness and are secured by the Security. In this regard, Fuel Industries and Fuel Technologies agree that the Creditor is to be fully indemnified by them for the Expenses.

7. Representations and Warranties

Fuel Industries and Fuel Technologies represent and warrant as follows to the Creditor which representations the Creditor is relying upon in executing this agreement:

- a. the execution and delivery of and performance of their obligations under this Agreement has been duly authorized by all necessary action on the part of each of them and does not violate any laws or any provision of its constituting documents or by-laws or any unanimous shareholders' agreement or other agreement or instrument to which it is subject, or result in the creation of any encumbrance on its properties and assets;
- b. there is no matter, fact or event which is known to them which has not been disclosed to the Creditor which is likely to have a material adverse effect on the performance of their obligations under the Loan Agreements or this Agreement;
- c. to the best of the knowledge of the Fuel Companies, the representations and warranties in the Loan Documents are true and correct on the date hereof, except for (i) the existence of the events of default under the RBC Indebtedness and the Chou Indebtedness which are referred to herein; and (ii) the deterioration of the Fuel Companies financial position in the last three months, and all of the representations and warranties are qualified accordingly by the occurrence of (i) and (ii);
- d. the Loan Agreements, the Security and all other documents and instruments delivered in connection therewith or pursuant thereto (collectively, the "**Loan Documents**") including the RBC Guarantee and Chou Guarantee are legal, valid and binding obligations, enforceable against each of Fuel Industries and Fuel Technologies respectively in accordance with their terms and have not been amended, waived, varied or altered;
- e. the Security has been properly perfected and constitutes a security interest in all of the present an after-acquired assets, property and undertaking of each of Fuel Industries and Fuel Technologies; and
- f. this Agreement has been executed and delivered by each of the Fuel Companies and

constitutes a legal, valid and binding agreement of each of them enforceable in accordance with its terms.

8. Amendments to Loan Documents

- a. The RBC Loan Agreement is hereby amended to convert Facility (1) from a revolving demand facility to a non-revolving demand facility which is outstanding as at the date hereof before giving effect to this Agreement in the principal amount of \$241,653.62. The Creditor is making a further advance under Facility (1) on the date hereof in the principal amount of \$318,500 (the “**Facility 1 May 2017 Advance**”) such that the aggregate principal amount of Facility (1) after giving effect to the transaction contemplated hereby is the principal amount of \$560,153.62. The RBC Loan Agreement is hereby amended by deleting the Section entitled “Availability” and “General Account” and by replacing them with the following:

Use of Proceeds of Additional Advances

“All funds advanced by the Creditor on and subsequent to May 23, 2017 shall be utilized for the sole purpose of paying those payables as are approved by the Creditor in its sole discretion.”

- b. The parties confirm that Facility (2) has been removed pursuant to the amending agreement dated March 18, 2014.
- c. The RBC Forbearance Agreement is amended by deleting Section 1 in its entirety. Any references in the RBC Forbearance Agreement to the “Forbearance Period” shall be deemed to be references to the Restructuring Period, any Termination shall be disregarded and of no effect, and any reference therein to “Termination” shall be read with reference to the definition of Termination as defined in Section 1 hereof.
- d. The RBC Forbearance Agreement is amended by deleting Sections 2 (d), 2(e), 2(f) and 2(i) thereof.
- e. The parties confirm the continuation of the RBC Forbearance Agreement as modified hereby.
- f. All other terms, conditions, undertakings and acknowledgements contained in the Loan Documents shall remain in full force and effect to the extent that they are not amended hereby.
9. Events of Default

The occurrence of any of the following events shall constitute an event of default (“**Event of Default**”) under this Agreement:

- a. any default in the observance or performance of any covenant, agreement or undertaking contained in this Agreement, the Loan Documents or any other agreement between Fuel Industries and/or Fuel Technologies and the Creditor;
- b. Fuel Industries and/or Fuel Technologies fail to pay any principal, interest, fees, costs or other amounts payable by Fuel Industries or Fuel Technologies under the Loan Agreements, this Agreement or the other Loan Documents, as and when due;
- c. the occurrence of any “Event of Default” (as defined in each Loan Agreement) under any of the Loan Agreements;

- d. in the opinion of the Creditor, acting reasonably, there is a material adverse change in the financial condition, ownership or operation of Fuel Industries and/or Fuel Technologies, or the ability of Fuel Industries and/or Fuel Technologies to pay amounts owing has been impaired, worsened or diminished or threatens to further deteriorate;
- e. Fuel Industries and/or Fuel Technologies cease to carry on business or threaten to do so, make an assignment for the general benefit of their creditors, file a proposal, deliver a notice of Intention to make a proposal or initiate any similar or other type of proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada), or make or be subject to an application for relief under the *Companies' Creditors Arrangement Act* (Canada), or a receiver, interim-receiver, receiver and manager, trustee, manager, consultant, liquidator, agent or other similar party is appointed in respect of their property or any material part thereof;
- f. any person takes possession of any part of the property of Fuel Industries and/or Fuel Technologies, by way of or in contemplation of enforcement of security, or a distress, execution or similar process is levied or enforced against any such property;
- g. if any Notice of Intention to Enforce Security pursuant to s. 244 of the *Bankruptcy and Insolvency Act* (Canada) is issued by any other of the creditors of Fuel Industries and/or Fuel Technologies;
- h. if any enforcement steps are taken by any taxing authorities in respect of outstanding liabilities of Fuel Industries and/or Fuel Technologies to such taxing authority;
- i. if any judgment for a sum of money is obtained or executions are pursued as against Fuel Industries and/or Fuel Technologies on or after the date hereof; and
- j. if any stay of proceedings of any kind shall be in effect with respect to Fuel Industries and/or Fuel Technologies, or their assets, which in the Creditor's sole and absolute discretion and opinion, affects the Creditor's rights pursuant to its Security or the prospect of complete repayment of the Indebtedness.

10. Remedies of the Creditor

Upon the occurrence of an Event of Default or the Termination or expiry of this Agreement:

- a. the Restructuring Period shall terminate and all of the Indebtedness shall, at the option of the Creditor, become immediately due and payable;
- b. the Creditor shall be entitled to immediately enforce this Agreement and/or the Security and enforce any of its remedies without issuance of any further notice; and
- c. this Agreement and/or the Security shall become immediately enforceable, and the Creditor may, in addition to any remedy set forth in this Agreement and/or the Security, realize upon all or any part of the Security and commence such legal action or other proceedings against Fuel Industries and/or Fuel Technologies or their property or assets, enter into possession of any properties or assets charged by or subject to security interests contained in the Security, enforce the consent judgement, and may appoint a private or Court appointed Receiver, or any other similar proceedings as may be permitted at law or in equity, all at such times and in such manner as the Creditor may in its sole discretion

deem expedient, and all without any additional notice, presentation, demand, all of which are hereby expressly waived and for such purpose, the Creditor may file or use the consent to judgement and the consent to the appointment of a receiver executed by the Fuel Companies that have been delivered as a condition precedent hereto.

11. Creditor's Rights

It is understood and agreed that nothing contained in this Agreement and no negotiations, correspondence or discussions among the parties hereto, shall prejudice, affect or waive any of the Creditor's rights under the terms of the Loan Documents or the Security, except as those rights may have been modified by this Agreement.

12. Affirmation by the Guarantor

Fuel Technologies ratifies its covenants contained in the RBC Guarantee and the Chou Guarantee, and hereby confirms to the Creditor that its guarantees shall be and remain good, valid, and binding upon and enforceable against it. It is further understood and agreed that nothing contained in this Agreement and no negotiations or discussions among the parties hereto shall prejudice the right of the Creditor to pursue its remedies against such guarantor, except as those rights may have been modified by this Agreement.

13. Waivers

No delay on the part of the Creditor in exercising any remedy or any waiver of the rights given to it hereunder or under the Loan Documents or Security shall operate as a waiver thereof, except as to a waiver which is specifically given in writing by the Creditor to Fuel Industries and/or Fuel Technologies.

14. Releases

In consideration of the Forbearance provided for herein, the Fuel Companies forever waive, release and discharge any and all claims (including, without limitation, cross-claims, counterclaims, rights of compensation, set-off and recoupment), causes of action, demands, suits, costs, expenses and damages that they now have or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether now existing or hereafter arising, that arise under or relate to any of the Loan Agreements, the Security and the other Loan Documents and this Agreement or any person's rights or obligations thereunder, against the Creditor, any of the Creditor's subsidiaries and affiliates, and its and their respective successors, assigns, officers, directors, employees, agents, mandataries, lawyers and other representatives,. The provisions of the section shall survive that termination of the Loan Agreements and Security and payment in full of the Indebtedness.

15. Currency

All currency referred to herein shall be in Canadian dollars unless otherwise specified.

16. Entire Agreement in Writing and Paramountcy.

This Agreement and the Security and the documents contemplated thereby or taken in support thereof, constitute the entire agreement between Fuel Industries, Fuel Technologies and the Creditor as to the matters dealt with herein. There are not and shall not be any oral statements,



representations, warranties, undertakings or agreements between Fuel Industries, Fuel Technologies and the Creditor. In the event of a conflict or inconsistency between the terms of the Loan Documents and this Agreement, the provisions of this Agreement shall prevail to the extent of the inconsistency.

17. Amendments

This Agreement may be modified, cancelled, or extended at any time, but only with the written consent and agreement of the Creditor.

18. Further Assurances

Fuel Industries and Fuel Technologies shall from time to time and at all times hereafter, at every request of the Creditor, make, do, execute and deliver, or cause to be made, done, executed and delivered, all such further acts, deeds and assurances and things as may be necessary or desirable in the sole opinion of the Creditor for more effectually implementing the true intent and meaning of this Agreement.

19. Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns.

20. Severability

The parties acknowledge and agree that if any provision of this Agreement or any Schedules attached thereto or the application thereof becomes illegal or unenforceable, it shall during such period be considered severable from the remaining provisions of this Agreement or any Schedules thereto, which shall remain in force and be binding as though the said provision had never been included.

21. Contra Proferentem Rule

This Agreement and all Schedules attached hereto have been drafted with the equal participation of all parties hereto and the parties hereto hereby acknowledge and agree that the contra proferentem rule has no application.

22. Governing Law

This Agreement shall be governed by the laws of the province of Ontario and the federal laws of Canada applicable therein.

23. Execution

The parties hereby agree that this Agreement may be executed in counterparts, and further that communication of the execution of the document may be made by facsimile or email transmittal, and such executed and faxed or emailed versions of the document shall be deemed to be originals of the Agreement.

24. Legal Advice

Fuel Industries and Fuel Technologies also acknowledge and agree that they have received independent legal advice with respect to the terms and provisions of this Agreement or have been advised to obtain the same and have declined to do so. They further agree and acknowledge that they have freely elected to enter into this Agreement without any form of duress and that they have not been induced or coerced to enter into this Agreement.

*[Remainder of page intentionally left blank. Signature page follows.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

Per:

*Francis Chou*

\_\_\_\_\_  
Authorized signatory

**FUEL INDUSTRIES INC.**

Per:

\_\_\_\_\_  
Authorized signatory

**FUEL TECHNOLOGIES INC.**

Per:

\_\_\_\_\_  
Authorized signatory

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

Per:

\_\_\_\_\_  
Authorized signatory

**FUEL INDUSTRIES INC.**

Per:

  
\_\_\_\_\_  
Authorized signatory  
Mike Burns, CEO

**FUEL TECHNOLOGIES INC.**

Per:

  
\_\_\_\_\_  
Authorized signatory  
Mike Burns, CEO

**SCHEDULE A**  
**LIST OF SECURITY AND GUARANTEE**

**RBC SECURITY**

1. General Security Agreement of Fuel Industries Inc., dated March 28, 2003
2. General Security Agreement of Fuel Industries Inc., dated February 10, 2015
3. Guarantee and Postponement of Claim of Fuel Technologies Inc., dated August 24, 2015
4. General Security Agreement of Fuel Technologies Inc., dated August 24, 2015

**CHOU SECURITY**

1. General Security Agreement of Fuel Industries Inc., dated February 9, 2015
  2. Specific Assignment Agreement of Fuel Industries Inc., dated February 9, 2015
  3. Guarantee and Indemnity Agreement of Fuel Technologies Inc., dated August 24, 2015
  4. General Security Agreement of Fuel Technologies Inc., dated August 24, 2015
  5. General Security Agreement of All Girl Arcade Inc., dated June 22, 2016
  6. General Security Agreement of Fuel Entertainment Inc., dated June 22, 2016
  7. General Security Agreement of Fuel Industries Inc., dated June 22, 2016
  8. General Security Agreement of Fuel Industries (U.S.) Inc., dated June 22, 2016
  9. General Security Agreement of Fuel Technologies Inc., dated June 22, 2016
  10. Specific Assignment Agreement of Fuel Industries Inc., dated June 22, 2016
- And all other guarantees and security documents delivered in connection with or pursuant to the Chou Loan Agreements.

**SCHEDULE B**  
**LIST OF CRITICAL PAYABLES, AMOUNTS OWING AND AMOUNT TO BE PAID**

Use of Initial Funding	CAD	USD	1.35
CAD payroll - May 5th	\$181,213		
US payroll Apr 14 Estimate	\$60,093	\$44,513	
Offshore Resource Payments	\$11,496	\$8,515	
Great West Life - CAD Health	\$19,701		
Blue Shield - US Health	\$29,673	\$21,980	
Guardian - US LTD/STD	\$2,975	\$2,204	
Primus Internet PAP	\$2,780		
Dell Lease PAP	\$578		
	<b>\$308,508</b>		
Other			
Rogers Wireless	\$3,754		
Blue Jeans (Conference Lines)	\$2,673	\$1,980	
Enbridge	\$481		
US Bank - Fund Overdraft	\$81	\$60	
Staff Advances	\$3,000		
	<b>\$9,989</b>		
Funding requirement	<b>\$318,497</b>		
US FX assumption 1.35			

This is Exhibit "BB" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**CONSENT TO APPOINTMENT OF RECEIVER**

Fuel Industries Inc. and Fuel Technologies Inc. hereby consent to the immediate appointment of a court-appointed receiver of the property of Fuel Industries Inc. and Fuel Technologies Inc. on the court-application of Chou Associates Management Inc. for such an appointment.

Dated June 19, 2017

**FUEL INDUSTRIES INC.**

Per:



---

Authorized signatory

**FUEL TECHNOLOGIES INC.**

Per:



---

Authorized signatory



This is Exhibit "CC" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN :

**CHOU ASSOCIATES MANAGEMENT INC.**

Plaintiff

- and -

**FUEL INDUSTRIES INC. and FUEL TECHNOLOGIES INC.**

Defendants

**CONSENT**

The parties hereto hereby consent to and approve as to form and content the Judgment attached hereto.

The parties hereto hereby certify that no party to this proceeding is under any legal disability.

The parties hereto hereby certify that they were given the opportunity to obtain independent legal advice and have done so in advance of executing this Consent to Judgment.

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of May, 2017.

**CHOU ASSOCIATES MANAGMEENT INC.**

Per:

*Francis Chou*

\_\_\_\_\_  
Authorized signatory

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of May, 2017.

**FUEL INDUSTRIES INC.**

Per:



---

Authorized signatory

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of May, 2017.

**FUEL TECHNOLOGIES INC.**

Per:



---

Authorized signatory

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE JUSTICE                    )  
  )  
  )                   DAY, THE  
  )                   DAY OF           , 2017

B E T W E E N :

**CHOU ASSOCIATES MANAGEMENT INC.**

Plaintiff

- and -

**FUEL INDUSTRIES INC. and FUEL TECHNOLOGIES INC.**

Defendants

**JUDGMENT**

ON READING the Consent to Judgment filed on behalf of the parties,

1. THIS COURT ORDERS AND ADJUDGES that the Defendants shall pay to the Plaintiff, on a joint and several basis, the sum of \$8,796,120.95 or such lesser sum as may be owing by the Defendants when this Judgment is issued, along with interest thereon at the rate of 10.00% per annum from the date of judgment.
  
2. THIS COURT ORDERS AND ADJUDGES that the Defendants shall further pay to the Plaintiff, on a joint and several basis, the sum of \$303,895.75 or such lesser sum as may be owing by the Defendants when this Judgment is issued, along with interest thereon at the rate of 10.00% per annum.

3. THIS COURT ORDERS AND ADJUDGES that the Defendants shall pay to the Plaintiff, on a joint and several basis, the Plaintiff's legal costs incurred in connection with issuing and enforcing this Judgment on a full indemnity basis.
-

This is Exhibit "DD" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**FIRST AMENDMENT AGREEMENT TO**  
**FORBEARANCE, RESTRUCTURING AND SUPPORT AGREEMENT**

THIS FIRST AMENDMENT AGREEMENT is dated as of the 14<sup>th</sup> day of June, 2017.

BETWEEN:

**CHOU ASSOCIATES MANAGEMENT INC.**

(the “**Creditor**”)

- and -

**FUEL INDUSTRIES INC.**

(the “**Fuel Industries**” or the “**Borrower**”)

- and -

**FUEL TECHNOLOGIES INC.**

(“**Fuel Technologies**” or the “**Guarantor**”, and together with Fuel Industries, the “**Fuel Companies**”)

WHEREAS the parties hereto are parties to a forbearance, restructuring and support agreement dated the 23<sup>rd</sup> day of May, 2017 (the “**Existing Agreement**” and capitalized terms not defined herein that are used herein shall have the meanings specified in the Existing Agreement);

AND WHEREAS the parties desire to enter into this first amendment to forbearance, restructuring and support agreement on the terms and conditions set forth herein (the “**First Amendment Agreement**” and the Existing Agreement together with the First Amendment Agreement are the “**Agreement**”);

NOW THEREFORE in consideration of the acknowledgements, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. Amendments to the Existing Agreement

- a. Section 8 a. of the Existing Agreement is amended by deleting the second sentence thereof and replacing it with the following three sentences:

The Creditor made a further advance under Facility (1) on the date of the Existing Agreement in the principal amount of \$318,500 (the “**Facility 1 May 2017 Advance**”) such that the aggregate principal amount of Facility (1) after giving effect to such advance was the principal amount of \$620,422.81. The Creditor is making a further advance under Facility (1) of the RBC Loan Agreement on the date of the First Amendment Agreement in the principal amount of \$100,000 (the “**Facility 1 June 2017 Advance**”) such that the aggregate principal amount of Facility (1) after giving effect to such advance is the principal amount of \$720,422.81. The proceeds of the Facility 1 June 2017 Advance shall be utilized only for satisfaction of and paid on account of those payables that have been approved by the Creditor.

- b. The Fuel Companies confirm that after giving effect to this First Amendment Agreement, the RBC Loan Agreement has been amended such that the non-revolving demand loan under Facility (1) is outstanding in the aggregate principal of \$720,422.81 together with accrued and unpaid interest thereon and the Fuel Companies are indebted to the Creditor for such amounts under the RBC Loan Agreement. All other terms, conditions, undertakings and acknowledgements contained in the Agreement and the other Loan Documents shall remain in full force and effect to the extent that they are not amended hereby.

2. Representations and Warranties

Fuel Industries and Fuel Technologies represent and warrant as follows to the Creditor which representations the Creditor is relying upon in executing this First Amendment Agreement:

- a. the execution and delivery of and performance of their obligations under this First Amendment Agreement has been duly authorized by all necessary action on the part of each of them and does not violate any laws or any provision of its constituting documents or by-laws or any unanimous shareholders' agreement or other agreement or instrument to which it is subject, or result in the creation of any encumbrance on its properties and assets; and
- b. this Agreement has been executed and delivered by each of the Fuel Companies and constitutes a legal, valid and binding agreement of each of them enforceable in accordance with its terms.

3. Affirmation by the Fuel Companies

Fuel Technologies ratifies its covenants contained in the RBC Guarantee and the Chou Guarantee, and hereby confirms to the Creditor that its guarantees shall be and remain good, valid, and binding upon and enforceable against it. It is further understood and agreed that nothing contained in this First Amendment Agreement and no negotiations or discussions among the parties hereto shall prejudice the right of the Creditor to pursue its remedies against such guarantor, except as those rights may have been modified by this First Amendment Agreement.

Fuel Industries and Fuel Technologies confirm that entering into this Agreement does not vitiate, alter, release or discharge them from their obligations pursuant to any security given in favour of the Creditor and confirm that the Security remains in full force and effect and continues to be binding against them and shall stand as general and continuing collateral security for the payment and performance of all debts, liabilities and obligations, including, without limitation, the obligations relating to the Facility 1 June 2017 Advance, whether present and future, direct or indirect, absolute or contingent, matured or not, of each of them respectively under, in connection with, pursuant to or relating to the Agreement, the Loan Agreements and the other Loan Documents.

4. Waivers

No delay on the part of the Creditor in exercising any remedy or any waiver of the rights given to it hereunder or under the Loan Documents or Security shall operate as a waiver thereof, except as to a waiver which is specifically given in writing by the Creditor to Fuel Industries and/or Fuel Technologies.



5. Currency

All currency referred to herein shall be in Canadian dollars unless otherwise specified.

6. Entire Agreement in Writing and Paramountcy.

The Agreement and the Security and the documents contemplated thereby or taken in support thereof, constitute the entire agreement between Fuel Industries, Fuel Technologies and the Creditor as to the matters dealt with herein. There are not and shall not be any oral statements, representations, warranties, undertakings or agreements between Fuel Industries, Fuel Technologies and the Creditor. In the event of a conflict or inconsistency between the terms of the Loan Documents and the Agreement, the provisions of the Agreement shall prevail to the extent of the inconsistency.

7. Amendments

This First Amendment Agreement may be modified, cancelled, or extended at any time, but only with the written consent and agreement of the Creditor.

8. Further Assurances

Fuel Industries and Fuel Technologies shall from time to time and at all times hereafter, at every request of the Creditor, make, do, execute and deliver, or cause to be made, done, executed and delivered, all such further acts, deeds and assurances and things as may be necessary or desirable in the sole opinion of the Creditor for more effectually implementing the true intent and meaning of this First Amendment Agreement.

9. Successors and Assigns

This First Amendment Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns.

10. Severability

The parties acknowledge and agree that if any provision of this First Amendment Agreement or any Schedules attached thereto or the application thereof becomes illegal or unenforceable, it shall during such period be considered severable from the remaining provisions of this First Amendment Agreement or any Schedules thereto, which shall remain in force and be binding as though the said provision had never been included.

11. Contra Proferentem Rule

This First Amendment Agreement and all Schedules attached hereto have been drafted with the equal participation of all parties hereto and the parties hereto hereby acknowledge and agree that the contra proferentem rule has no application.

12. Governing Law

This First Amendment Agreement shall be governed by the laws of the province of Ontario and the federal laws of Canada applicable therein.

13. Execution

The parties hereby agree that this First Amendment Agreement may be executed in counterparts, and further that communication of the execution of the document may be made by facsimile or email transmittal, and such executed and faxed or emailed versions of the document shall be deemed to be originals of the Agreement.

14. Legal Advice

Fuel Industries and Fuel Technologies also acknowledge and agree that they have received independent legal advice with respect to the terms and provisions of this First Amendment Agreement or have been advised to obtain the same and have declined to do so. They further agree and acknowledge that they have freely elected to enter into this First Amendment Agreement without any form of duress and that they have not been induced or coerced to enter into this First Amendment Agreement.

*[Remainder of page intentionally left blank. Signature page follows.]*

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment Agreement.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

Per:

Francis Chou  
Authorized signatory

**FUEL INDUSTRIES INC.**

Per:

\_\_\_\_\_  
Authorized signatory

**FUEL TECHNOLOGIES INC.**

Per:

\_\_\_\_\_  
Authorized signatory

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment Agreement.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

Per:

---

Authorized signatory

**FUEL INDUSTRIES INC.**

Per:



---

Authorized signatory

**FUEL TECHNOLOGIES INC.**

Per:



---

Authorized signatory

This is Exhibit "EE" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**SECOND AMENDMENT AGREEMENT TO**  
**FORBEARANCE, RESTRUCTURING AND SUPPORT AGREEMENT**

THIS SECOND AMENDMENT AGREEMENT is dated as of the 27<sup>th</sup> day of June, 2017.

BETWEEN:

**CHOU ASSOCIATES MANAGEMENT INC.**

(the “**Creditor**”)

- and -

**FUEL INDUSTRIES INC.**

(the “**Fuel Industries**” or the “**Borrower**”)

- and -

**FUEL TECHNOLOGIES INC.**

(“**Fuel Technologies**” or the “**Guarantor**”, and together with Fuel Industries, the “**Fuel Companies**”)

WHEREAS the parties hereto are parties to a forbearance, restructuring and support agreement dated the 23<sup>rd</sup> day of May, 2017 (the “**Existing Agreement**” and capitalized terms not defined herein that are used herein shall have the meanings specified in the Existing Agreement);

AND WHEREAS the parties desire to enter into this Second Amendment to forbearance, restructuring and support agreement on the terms and conditions set forth herein (the “**Second Amendment Agreement**” and the Existing Agreement together with the Second Amendment Agreement are the “**Agreement**”);

NOW THEREFORE in consideration of the acknowledgements, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. Amendments to the Existing Agreement and the RBC Loan Agreement
  - a. Section 1 of the Existing Agreement is amended by deleting the date of “June 27, 2017” in the fourth line thereof and replacing it with the date “July 14, 2017”.
  - b. The RBC Loan Agreement is amended by changing the defined term “the Bank” to the defined term “the Lender” throughout the RBC Loan Agreement and deleting the text under the heading “Credit Facilities” in the RBC Loan Agreement and replacing it with the following:

“The Borrower acknowledges that it is indebted in the principal amount outstanding

as recorded by the Lender in the column headed “**Unpaid Principal Balance**” on the record (the “**Grid**”) attached as Schedule “A” to and forming part of this Agreement, with interest on such amount at the rate, calculated in the manner and payable at the times specified in the RBC Loan Agreement. The Lender may from time to time in its sole discretion make further advances (each, an “**Advance**”) to the Borrower of principal and the Lender shall and is unconditionally and absolutely authorized and directed by the Borrower to record on the Grid (i) the date and amount of each Advance made by the Lender and the resulting increase of the Unpaid Principal Balance, and (ii) the date and amount of each repayment on account of the principal paid to the Lender and the resulting decrease of the Unpaid Principal Balance. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the Lender to record the same shall not affect the obligations of the Borrower to pay such amounts to the Lender.

The proceeds each Advance shall be utilized only for satisfaction of and paid on account of those payables that have been approved by the Lender.”

- c. The Fuel Companies confirm that after giving effect to this Second Amendment Agreement, the RBC Loan Agreement has been amended such that the non-revolving demand loan under Facility (1) is outstanding as at the date hereof in the aggregate principal shown as the Unpaid Principal Balance on the Grid together with accrued and unpaid interest thereon and the Fuel Companies are indebted to the Creditor for such amounts under the RBC Loan Agreement. All other terms, conditions, undertakings and acknowledgements contained in the Agreement and the other Loan Documents shall remain in full force and effect to the extent that they are not amended hereby.

## 2. Representations and Warranties

Fuel Industries and Fuel Technologies represent and warrant as follows to the Creditor which representations the Creditor is relying upon in executing this Second Amendment Agreement:

- a. the execution and delivery of and performance of their obligations under this Second Amendment Agreement has been duly authorized by all necessary action on the part of each of them and does not violate any laws or any provision of its constituting documents or by-laws or any unanimous shareholders’ agreement or other agreement or instrument to which it is subject, or result in the creation of any encumbrance on its properties and assets; and
- b. this Agreement has been executed and delivered by each of the Fuel Companies and constitutes a legal, valid and binding agreement of each of them enforceable in accordance with its terms.

## 3. Affirmation by the Fuel Companies

Fuel Technologies ratifies its covenants contained in the RBC Guarantee and the Chou

Guarantee, and hereby confirms to the Creditor that its guarantees shall be and remain good, valid, and binding upon and enforceable against it. It is further understood and agreed that nothing contained in this Second Amendment Agreement and no negotiations or discussions among the parties hereto shall prejudice the right of the Creditor to pursue its remedies against such guarantor, except as those rights may have been modified by this Second Amendment Agreement.

Fuel Industries and Fuel Technologies confirm that entering into this Agreement does not vitiate, alter, release or discharge them from their obligations pursuant to any security given in favour of the Creditor and confirm that the Security remains in full force and effect and continues to be binding against them and shall stand as general and continuing collateral security for the payment and performance of all debts, liabilities and obligations, including, without limitation, the obligations relating to the Facility 1 June 2017 Advance, whether present and future, direct or indirect, absolute or contingent, matured or not, of each of them respectively under, in connection with, pursuant to or relating to the Agreement, the Loan Agreements and the other Loan Documents.

4. Waivers

No delay on the part of the Creditor in exercising any remedy or any waiver of the rights given to it hereunder or under the Loan Documents or Security shall operate as a waiver thereof, except as to a waiver which is specifically given in writing by the Creditor to Fuel Industries and/or Fuel Technologies.

5. Currency

All currency referred to herein shall be in Canadian dollars unless otherwise specified.

6. Entire Agreement in Writing and Paramountcy.

The Agreement and the Security and the documents contemplated thereby or taken in support thereof, constitute the entire agreement between Fuel Industries, Fuel Technologies and the Creditor as to the matters dealt with herein. There are not and shall not be any oral statements, representations, warranties, undertakings or agreements between Fuel Industries, Fuel Technologies and the Creditor. In the event of a conflict or inconsistency between the terms of the Loan Documents and the Agreement, the provisions of the Agreement shall prevail to the extent of the inconsistency.

7. Amendments

This Second Amendment Agreement may be modified, cancelled, or extended at any time, but only with the written consent and agreement of the Creditor.

8. Further Assurances

Fuel Industries and Fuel Technologies shall from time to time and at all times hereafter, at every request of the Creditor, make, do, execute and deliver, or cause to



be made, done, executed and delivered, all such further acts, deeds and assurances and things as may be necessary or desirable in the sole opinion of the Creditor for more effectually implementing the true intent and meaning of this Second Amendment Agreement.

9. Successors and Assigns

This Second Amendment Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns.

10. Severability

The parties acknowledge and agree that if any provision of this Second Amendment Agreement or any Schedules attached thereto or the application thereof becomes illegal or unenforceable, it shall during such period be considered severable from the remaining provisions of this Second Amendment Agreement or any Schedules thereto, which shall remain in force and be binding as though the said provision had never been included.

11. Contra Proferentem Rule

This Second Amendment Agreement and all Schedules attached hereto have been drafted with the equal participation of all parties hereto and the parties hereto hereby acknowledge and agree that the contra proferentem rule has no application.

12. Governing Law

This Second Amendment Agreement shall be governed by the laws of the province of Ontario and the federal laws of Canada applicable therein.

13. Execution

The parties hereby agree that this Second Amendment Agreement may be executed in counterparts, and further that communication of the execution of the document may be made by facsimile or email transmittal, and such executed and faxed or emailed versions of the document shall be deemed to be originals of the Agreement.

14. Legal Advice

Fuel Industries and Fuel Technologies also acknowledge and agree that they have received independent legal advice with respect to the terms and provisions of this Second Amendment Agreement or have been advised to obtain the same and have declined to do so. They further agree and acknowledge that they have freely elected to enter into this Second Amendment Agreement without any form of duress and that they have not been induced or coerced to enter into this Second Amendment Agreement.

*[Remainder of page intentionally left blank. Signature page follows.]*

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment Agreement.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

Per: *Francis Chou*

---

Authorized signatory

**FUEL INDUSTRIES INC.**

Per:

---

Authorized signatory

**FUEL TECHNOLOGIES INC.**

Per:

---

Authorized signatory

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment Agreement.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

Per:

\_\_\_\_\_  
Authorized signatory

**FUEL INDUSTRIES INC.**

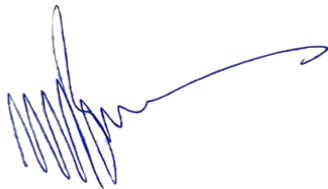
Per:



\_\_\_\_\_  
Authorized signatory

**FUEL TECHNOLOGIES INC.**

Per:



\_\_\_\_\_  
Authorized signatory

## Schedule A

## Grid for Advances and Repayments of Principal

Nature and Date of Advance	Amount of Principal Advanced	Repayments of Principal	Unpaid Principal Balance
RBC principal at May 23, 2017 assigned to Lender	\$241,653.62		\$241,653.62
RBC costs paid by Lender added to principal at May 23, 2017	\$60,269.19		\$301,922.81
May 23, 2017 Advance	\$315,500.00		\$620,422.81
June 14, 2017 Advance	\$100,000.00		\$720,422.81
June 28, 2017 Advance	\$190,000.00		\$910,422.81

This is Exhibit "FF" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**STIKEMAN ELLIOTT**

Stikeman Elliott LLP Barristers &amp; Solicitors

5300 Commerce Court West, 199 Bay Street, Toronto, Canada M5L 1B9  
 Tel: (416) 869-5500 Fax: (416) 947-0866 www.stikeman.com

Elizabeth Pillon  
 Direct: (416) 869-5623  
 E-mail: lpillon@stikeman.com

**BY EMAIL**

July 17, 2017

Fuel Industries Inc.  
 7 Hinton Avenue North, Suite 100  
 Ottawa, Ontario K1Y 4P1

Our File No. 141895-1001

Attention: Mike Burns and Julie Allen

Dear Sirs/Mesdames:

**Re: Indebtedness to Chou Associates Management Inc.**

We are the lawyers for Chou Associates Management Inc. ("**Chou Management**"). Fuel Industries Inc. (the "**Company**") is indebted to Chou Management as of July 7, 2017 in respect of the following:

- a) A Loan Agreement between Chou Management and the Company dated as of February 9, 2015, as amended to the date hereof (the "**Industries Loan Agreement**");
- b) A Loan Agreement between Chou Management and Fuel Technologies Inc. dated June 22, 2016 to which the Company is a party as a "**Debtor Party**" (as defined therein), as amended to the date hereof (the "**Technologies Loan Agreement**"); and
- c) any guarantee of the obligations provided from time to time by the Company in relation to obligations under the Technologies Loan Agreement.

The indebtedness owed to Chou Management by the Company as of July 7, 2017 is in the aggregate amount of \$7,194,820, plus ongoing interest, fees, costs and disbursements (the "**Indebtedness**"). The Indebtedness is secured by, inter alia, the following security granted by the Company:

- a) A General Security Agreement granted by the Company in favour of Chou Management dated February 9, 2015 securing, inter alia, the obligations of the Company under the Industries Loan Agreement;

TORONTO

MONTREAL

OTTAWA

CALGARY

VANCOUVER

NEW YORK

LONDON

SYDNEY

STIKEMAN ELLIOTT


- b) A Specific Assignment between the Company and Chou Management dated February 9, 2015; and
- c) A General Security Agreement granted by the Company in favour of Chou Management dated June 22, 2016 securing, inter alia, the obligations of Fuel Technologies Inc. and the Company under the Technologies Loan Agreement

(collectively, the "Security").

The Indebtedness was the subject of a forbearance agreement which lapsed on July 14, 2017. In light of the Company's previously acknowledged defaults with respect to the above-noted loan and Security, and the failure of the Company to secure an offer for the Company on or before July 14, 2017, the forbearance period is treated at an end and we hereby demand payment from the Company of the full amount of the Indebtedness, along with accrued interest and costs.

Enclosed please find a Notice of Intention to Enforce Security which is delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, along with a consent with respect to earlier enforcement for your execution. As the Company previously received notice under the RBC Credit Agreement, has acknowledged the Chou Indebtedness in the Forbearance Agreement and consent to the appointment of a Receiver within the Forbearance Agreement, we trust that the Company will waive the 10 day notice period.

Yours truly,



Elizabeth Pillon

/as  
Encl.

**Notice of Intention to Enforce Security  
(Rule 124)**

**To:** Fuel Industries Inc. ("**Fuel Industries**"), an insolvent person.

Take notice that:

1. Chou Associates Management Inc. ("**Chou**"), a secured creditor, intends to enforce its security on Fuel Industries' property as described below:
  - (a) all of the property and undertaking of Fuel Industries now owned or hereafter acquired and all of the property and undertaking in which Fuel Industries now has or hereafter acquires any interest including all of Fuel Industries':
    - (i) present and after-acquired personal property;
    - (ii) present and future equipment, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto;
    - (iii) present and future inventory of Fuel Industries, including all raw materials, materials used or consumed in the business of Fuel Industries, work-in-progress, finished goods, goods used for packing, materials used in the business of Fuel Industries not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;
    - (iv) present and future debts, demands and amounts due or accruing due to Fuel Industries whether or not earned by performance, including without limitation its book debts, accounts receivable and claims under policies of insurance, and all contracts, security interests and other rights and benefits in respect thereof;
    - (v) present and future intangible personal property of Fuel Industries, including all contract rights, goodwill, patents, trademarks, copyrights and other intellectual property, and all other choses in action of Fuel Industries of every kind, whether due at the present time or hereafter to become due or owing;
    - (vi) present and future money, documents of title, chattel paper, financial assets and investment property;
    - (vii) Instruments and Securities (each as defined in the Security Agreements defined below);



- (viii) All real and immovable property, wherever situate, and all buildings, structures, fixtures, hereditaments and appurtenances thereon or relating thereto;
  - (ix) All books, accounts, invoices, letters, papers, documents and other records in any form or medium evidencing or relating to the property described in paragraphs 1(a)(i) to **Error! Reference source not found.** above; and
  - (x) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in paragraphs 1(a)(i) to 1(a)(ix) above.
2. The security that is to be enforced is in the form of:
- (a) A General Security Agreement granted by Fuel Industries in favour of Chou dated February 9, 2015;
  - (b) A Specific Assignment between Fuel Industries and Chou dated February 9, 2015; and
  - (c) A General Security Agreement granted by Fuel Industries in favour of Chou dated June 22, 2016.
3. The total amount of indebtedness secured by the security is \$7,194,820 as of July 7, 2017, plus any accrued interest, fees and expenses incurred between the date of this notice and the date of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, this 17<sup>th</sup> day of July, 2017.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

By: *Francis Chou*

---

Name: Francis Chou

Title: Chief Executive Officer

**Consent to Waiver of Notice Period**

Fuel Industries Inc. ("**Fuel Industries**") acknowledges that on July 17, 2017, it received a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") dated July 17, 2017 from Chou Associates Management Inc. ("**Chou**").

Fuel Industries acknowledges that the Notice of Intention to Enforce Security is proper notice under the BIA and hereby consents, in writing, to the waiver of the statutory 10-day notice period prescribed under the BIA.

Date: \_\_\_\_\_

**FUEL INDUSTRIES INC.**

By: \_\_\_\_\_  
Authorized Signing Officer

This is Exhibit "GG" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**STIKEMAN ELLIOTT**

Stikeman Elliott LLP Barristers &amp; Solicitors

5300 Commerce Court West, 199 Bay Street, Toronto, Canada M5L 1B9  
 Tel: (416) 869-5500 Fax: (416) 947-0866 www.stikeman.com

Elizabeth Pillon  
 Direct: (416) 869-5623  
 E-mail: lpillon@stikeman.com

**BY EMAIL**

July 17, 2017

Fuel Technologies Inc.  
 7 Hinton Avenue North, Suite 100  
 Ottawa, Ontario K1Y 4P1

Our File No. 141895-1001

Attention: Mike Burns and Julie Allen

Dear Sirs/Mesdames:

**Re.: Indebtedness to Chou Associates Management Inc.**

We are the lawyers for Chou Associates Management Inc. (“**Chou Management**”). Fuel Technologies Inc. (the “**Company**”) is indebted to Chou Management as of July 7, 2017 in respect of the following:

- a) A Guarantee dated August 24, 2015 from the Company (the “**Technologies Guarantee**”) of the obligations of Fuel Industries Inc. under a Loan Agreement between Fuel Industries Inc. and Chou Management dated February 9, 2015, as amended to the date hereof; and
- b) A Loan Agreement between Chou Management and the Company dated as of June 22, 2016, as amended to the date hereof (the “**Technologies Loan Agreement**”).

The indebtedness owed to Chou Management by the Company as of July 7, 2017 is in the aggregate amount of \$7,194,820, plus ongoing interest, fees, costs and disbursements (the “**Indebtedness**”). The Indebtedness is secured by, inter alia, the following security granted by the Company:

- a) a general security agreement dated August 24, 2015 granted by the Company securing, inter alia, its obligations under the Technologies Guarantee; and
- b) A General Security Agreement granted by the Company in favour of Chou dated June 22, 2016 securing, inter alia, its obligations under the Technologies Loan Agreement

(collectively, the “**Security**”).

TORONTO

MONTREAL

OTTAWA

CALGARY

VANCOUVER

NEW YORK

LONDON

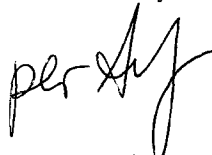
SYDNEY

STIKEMAN ELLIOTT

The Indebtedness was the subject of a forbearance agreement which lapsed on July 14, 2017. In light of the Company's previously acknowledged defaults with respect to the above-noted loan and Security, and the failure of the Company to secure an offer for the Company on or before July 14, 2017, the forbearance period is treated at an end and we hereby demand payment from the Company of the full amount of the Indebtedness, along with accrued interest and costs.

Enclosed please find a Notice of Intention to Enforce Security which is delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, along with a consent with respect to earlier enforcement for your execution. As the Company previously received notice under the RBC Credit Agreement, has acknowledged the Chou Indebtedness in the Forbearance Agreement and consent to the appointment of a Receiver within the Forbearance Agreement, we trust that the Company will waive the 10 day notice period.

Yours truly,

A handwritten signature in black ink, appearing to read 'per Elizabeth Pillon', written over a horizontal line.

Elizabeth Pillon

/as  
Encl.

**Notice of Intention to Enforce Security  
(Rule 124)**

**To:** Fuel Technologies Inc. ("**Fuel Technologies**"), an insolvent person.

Take notice that:

1. Chou Associates Management Inc. ("**Chou**") , a secured creditor, intends to enforce its security on Fuel Technologies' property as described below:
  - (a) all of the property and undertaking of Fuel Technologies now owned or hereafter acquired and all of the property and undertaking in which Fuel Technologies now has or hereafter acquires any interest including all of Fuel Technologies':
    - (i) present and after-acquired personal property;
    - (ii) present and future equipment, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto;
    - (iii) present and future inventory, including all raw materials, materials used or consumed in the business of Fuel Technologies, work-in-progress, finished goods, goods used for packing, materials used in the business of Fuel Technologies not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;
    - (iv) present and future debts, demands and amounts due or accruing due to Fuel Technologies whether or not earned by performance, including without limitation its book debts, accounts receivable and claims under policies of insurance, and all contracts, security interests and other rights and benefits in respect thereof;
    - (v) present and future intangible personal property of Fuel Technologies, including all contract rights, goodwill, patents, trademarks, copyrights and other intellectual property, and all other choses in action of Fuel Technologies of every kind, whether due at the present time or hereafter to become due or owing;
    - (vi) present and future money, documents of title, chattel paper, financial assets and investment property;
    - (vii) Instruments and Securities (each as defined in the Security Agreements defined below);

- 2 -

- (viii) real and immovable property, wherever situate, and all buildings, structures, fixtures, hereditaments and appurtenances thereon or relating thereto;
  - (ix) the Software and Intellectual Property (as defined in the IP Transfer Agreement);
  - (x) books, accounts, invoices, letters, papers, documents and other records in any form or medium evidencing or relating to the property described in paragraphs 1(a)(i) to **Error! Reference source not found.** above; and
  - (xi) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in paragraphs 1(a)(i) to 1(a)(x) above.
2. The security that is to be enforced is in the form of:
- (a) A General Security Agreement granted by Fuel Technologies in favour of Chou dated August 24, 2015; and
  - (b) A General Security Agreement granted by Fuel Technologies in favour of Chou dated June 22, 2016.
3. The total amount of indebtedness secured by the security is \$7,194,820 as of July 7, 2017, plus any accrued interest, fees and expenses incurred between the date of this notice and the date of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, this 17<sup>th</sup> day of July, 2017.

**CHOU ASSOCIATES MANAGEMENT  
INC.**

By: Francis Chou

Name: Francis Chou

Title: Chief Executive Officer

**Consent to Waiver of Notice Period**

Fuel Technologies Inc. ("**Fuel Technologies**") acknowledges that on July 17, 2017, it received a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") dated July 17, 2017 from Chou Associates Management Inc. ("**Chou**").

Fuel Technologies acknowledges that the Notice of Intention to Enforce Security is proper notice under the BIA and hereby consents, in writing, to the waiver of the statutory 10-day notice period prescribed under the BIA.

Date: \_\_\_\_\_

**FUEL TECHNOLOGIES INC.**

By: \_\_\_\_\_  
Authorized Signing Officer



This is Exhibit "HH" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**TRANSACTION OPPORTUNITY:****INNOVATIVE DIGITAL CREATIVE AGENCY****COMPANY OVERVIEW**

Fuel Youth (“Fuel”) is a premiere digital creative agency in the youth, millennial, and family space that connects brands with audiences through innovative technological development. Fuel builds digital brand engagement through augmented reality and virtual reality experiences, immersive virtual worlds, mobile apps, social games, branded entertainment, interactive multi-screen experiences, interactive rich media advertising, and digital loyalty programs.

Founded in Canada over 15 years ago, Fuel quickly became known as an industry leader by pushing the limits of technology and design. The technology and creative teams operate out of the Ottawa location, with the CEO and business development team based in Los Angeles, giving the company direct access to a significant and growing customer base.

**INVESTMENT HIGHLIGHTS**

An attractive opportunity for potential investors due to the following positive attributes:

***Impressive client list with recurring revenue***

Fuel’s ability to deliver has caused them to attract some of the top Fortune 500 brands in the world who continue to provide recurring revenue and attract other top brands.

***Global industry recognition***

The agency is frequently noted in industry publications and regularly nominated or awarded global advertising and digital media awards, further increasing brand awareness in the market.

***Significant market opportunities***

Digital revenue in the U.S. alone grew 20% last year, with digital advertising representing 38% of the average company’s annual advertising budget. Fuel is ready to leverage its expertise to take advantage of these trends and position itself at the forefront of digital marketing.

***Understanding of market***

Publisher of a recognized industry magazine focused on trends and themes surrounding youth engagement with digital content, Fuel is considered to be a leading resource on marketing to youth and young adults.

***Strong leadership***

The executives boast a depth of experience in the digital marketing industry, initially gaining their experience from creative studios of firms such as Disney and Electronic Arts. The current CEO has received multiple awards and was named one of Ernst & Young’s “Top 50 Entrepreneurs in Canada”.

***History of attracting and retaining top talent***

Fuel has developed one of the most capable and committed teams in the industry by attracting top talent from universities through its participation in education internship programs, and from other agencies through its incredible brand in the digital agency space.

***Business and product insights through analytical expertise***

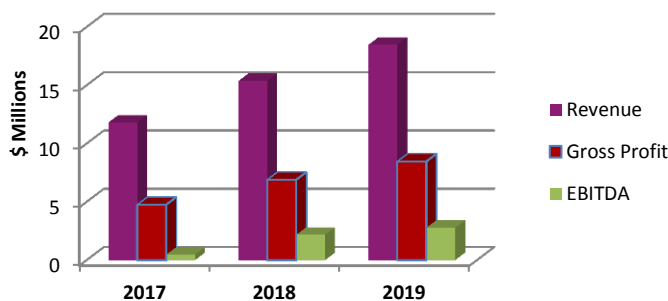
With an internally developed technology platform and significant experience across industry standard analytics platforms, Fuel is an expert in providing digital product insights driven by audience engagement in order to grow brand impact.

## CURRENT TECHNOLOGIES

Technological innovation through internal research and development has created proven platforms, apps, and games that drive brand engagement and ROI. These technologies span across augmented reality, virtual reality, web and mobile development, and digital media. With creative expertise in both digital development and media planning, Fuel is uniquely able to ensure the products developed include demographic-specific audience acquisition strategies to grow a highly engaged brand audience and ensure a significant ROI.

## FINANCIAL INFORMATION

Leveraging the strong brand recognition in the digital space and tapping into the potential in the market, the agency is well positioned for significant growth by 2019. The company is forecasting strong sales going forward with top brands already contracted for work through 2017.



## PROCESS OVERVIEW

Richter Advisory Group Inc. (“**Richter**”) has been engaged to support the company, which includes the launching of a sale and investor solicitation process to explore a transaction involving the sale of the Fuel.

The next steps of the process are:

- All interested parties must execute a non-disclosure agreement (“**NDA**”);
- Once the NDA is executed, interested parties will be provided with access to confidential materials maintained in a data room to begin due diligence investigations;
- Interested parties will be invited to schedule a meeting with senior management of Fuel;
- Interested parties will then be provided with a letter setting out the procedures for submitting a binding proposal (the “**Letter of Instruction**”) with a view to completing a transaction.

The deadline for submission of proposals in line with the Letter of Instruction is **July 14, 2017 at 5:00 p.m. (EST)**.

The company reserves the right to negotiate with one or more prospective parties at any time and to enter into a definitive agreement relating to a transaction without prior notice to the recipient or any other parties. Further, the company reserves the right to terminate the due diligence investigation and sales process and to modify any timelines or terms without giving advanced notice or providing reason therefore.

Thank you for taking the time to consider this opportunity. If you would like to execute an NDA or discuss any specific questions please direct all enquiries to:

**Paul van Eyk**  
Partner  
(416) 485-4592  
[pvaneyk@richter.ca](mailto:pvaneyk@richter.ca)

**Caleigh Smith**  
Associate  
(416) 488-2345  
[csmith@richter.ca](mailto:csmith@richter.ca)

This is Exhibit "II" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**Strictly Private & Confidential**

Via E-mail: [email]

**Attention:** [•]

**Re: Fuel Industries Inc. – Submission of Non-Binding Proposal**

We appreciate your continued interest in Fuel Industries Inc. (“**Fuel**” or, the “**Company**”) and the time and effort you have expended to date in considering this opportunity. This letter sets out the procedures for indicating your interest in pursuing a potential transaction with Fuel. This letter is being furnished to you pursuant to the non-disclosure agreement (the “**NDA**”) which you have executed with the Company.

As you are aware, Richter Advisory Group Inc. (“**Richter**”) has been retained as financial advisor to support the Company to conduct a sale and investor solicitation process (the “**Process**”) in order to solicit interest in a transaction with the Company. To facilitate the evaluation of your interest in the Company, we request that you submit to Richter, a written non-binding acquisition proposal (the “**Proposal**”).

Richter is requesting Proposals from interested parties (“**Interested Parties**”) and, together with the Company, will evaluate such Proposals to determine which Interested Parties, if any, will be invited to continue to participate in the next phase of the Process. Proposals will be evaluated based on several factors, including but not limited to, maximizing the Company’s value, ability to support the Company’s growth going forward and demonstrating an ability and willingness to complete due diligence, documentation and closing in an expeditious manner.

**Deadline for Submission of Non-Binding Proposal**

The deadline for submission of Proposals is **July 14, 2017 at 5:00 p.m. (Eastern Daylight Time)**. The Proposal must be submitted in writing on company letterhead and sent electronically no later than the foregoing deadline. The Company and Richter will evaluate all Proposals received and select one or more Interested Parties to continue into the next phase of the Process.

**Contents of Non-Binding Proposal**

Your Proposal should reflect the following information and should discuss in reasonable detail all matters relating to the transaction including clear statements with respect to at least the following:

1. **Proposed Transaction.** The type of transaction you are proposing;
2. **Purchase Price.** A preliminary indication of the value that you would be prepared to offer;
3. **Form of Consideration.** The key assumptions on which your Proposal is based together with an explanation of the methods used to determine the amount of your purchase or subscription price, including any material qualifications. Please provide detailed assumptions regarding any non-cash consideration;
4. **Financing.** A specific indication of the anticipated sources and timing of financing, if any, including the names of any lenders or partners and the steps necessary to obtain funding commitments or any related contingencies;
5. **Acquiring Entity.** The name, jurisdiction of organization and a description of the entity that is intended to be the acquiring entity, its ultimate parent entity, any other relevant affiliates, and any proposed co-investors or other relevant parties that would be participating in the transaction;
6. **Strategic Plan.** An indication of your intention regarding the operations, assets, employees and management of the Company following the transaction as well as discussions of the strategic fit with your existing operations;

7. **Due Diligence.** Your Proposal should include a description of the key information you will require to complete your due diligence;
8. **Timing & Approvals.** Outline any material considerations affecting timing, including any required corporate or shareholder consents necessary to complete a transaction;
9. **Contact Information / Advisors.** A list of contacts (including names, telephone numbers and email addresses) with whom we can discuss your Proposal and any other relevant matters related to a possible transaction; and
10. **Additional Information.** Any other factors you believe may be relevant in evaluating your Proposal.

#### **Qualifications Regarding the Process**

The Company and Richter expressly reserve the right at any time, with or without providing notice or reasons, to: (i) amend or terminate the Process; (ii) decline to permit any Interested Party to participate in the Process; (iii) terminate discussions with any or all Interested Parties; (iv) reject any or all Proposals; (v) accept a Proposal other than the highest Proposal; (vi) negotiate with any party with respect to a transaction; (vii) pursue other value maximizing alternatives; or (viii) limit access at any time to any additional information; all without any liability to the Company or Richter. In addition, the Company and Richter reserve the right to amend the procedures, terms and conditions set forth herein, the Process or any information which has been made available to Interested Parties either by way of addition, deletion or amendment. No finder's fees, commissions, expenses or other compensation will be paid by the Company or Richter to agents, consultants, advisors or other intermediaries of any Interested Parties.

The Company, Richter, and its representatives disclaim any and all liability for information supplied to you, either written or oral, and no representation or warranty is made with respect to the accuracy or completeness of such information. By submitting your Proposal, you acknowledge that you are relying solely upon your own independent investigation and evaluation of the Company and its operations. The terms of the NDA remain in full force and the existence and contents of this letter are to be treated confidentially in accordance with the terms of the NDA. The Company's interpretation of the procedures, terms and conditions of this letter shall be final and binding.

#### **Questions Regarding the Process**

It is the intention of the Company and Richter to conduct the Process so that it minimizes any disruption to the operations and employees of the Company. Interested Parties should not have any discussions or communications of any kind in respect of the Company or the Process, with any potential co-bidder and any employee, creditor, shareholder, supplier, competitor or customer of the Company, or any agent or representative of the foregoing, or any government agent in respect of the Company, without the express written consent of the Company, which consent may only be obtained by contacting Richter.

On behalf of the Company, we appreciate your continued interest and look forward to receiving your Proposal.

Yours truly,

Paul van Eyk  
Partner  
Richter Advisory Group Inc.

This is Exhibit "JJ" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 12 - Ottawa  
Court No. 33-2276663  
Estate No. 33-2276663

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

**Fuel Industries Inc.**  
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEI**  
Licensed Insolvency Trustee

---

Date of the Notice of Intention: July 26, 2017

---

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 27, 2017, 08:30

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada**



This is Exhibit "KK" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 12 - Ottawa  
Court No. 33-2276664  
Estate No. 33-2276664

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

**Fuel Technologies Inc.**  
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEI**  
Licensed Insolvency Trustee

Date of the Notice of Intention: July 26, 2017

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 27, 2017, 08:34

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada**

This is Exhibit "LL" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**DIP TERM SHEET**

**WHEREAS** the Lender (as defined below) has agreed to provide funding in accordance with the terms hereof, in order to fund certain obligations of the Borrower (as defined below) in the context of its proceedings (the “**NOI Proceedings**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”) commenced before the Ontario Superior Court of Justice (the “**BIA Court**”);

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

- Borrower: Fuel Industries Inc. and Fuel Technologies Inc. (collectively, the “**Borrower**”)
- Lender: Chou Associates Management Inc. (the “**Lender**”)
- Availability: CDN\$350,000 available as required pursuant to authorized drawdowns in accordance with the terms hereof.
- Status of Existing Facilities: Reference is made to the following (collectively, the “**Existing Loan Agreements**”):
1. Loan agreement dated February 9, 2015 between Fuel Industries Inc., as borrower and the Lender, as lender, as amended, modified or supplemented to the date hereof;
  2. Loan agreement dated June 22, 2016 between Fuel Technologies Inc., as borrower and the Lender, as lender, as amended, modified or supplemented to the date hereof and guaranteed by Fuel Industries Inc. pursuant to a guarantee dated June 22, 2016 made by Fuel Industries Inc. in favour of the Lender; and
  3. Loan agreement dated October 29, 2013 between Fuel Industries Inc., as borrower and Royal Bank of Canada (“**RBC**”), as lender, as amended March 18, 2014, February 3, 2015, August 24, 2015 and September 8, 2016, as supplemented by a forbearance agreement dated February 9, 2017, and as such agreements were assigned by RBC to the Lender pursuant to an assignment of debt and security dated May 23, 2017, and as further amended by a forbearance, restructuring and support agreement dated May 23, 2017, and by amendments dated as of June 14, 2017 and June 27, 2017 and as further amended, modified or supplemented to the date hereof.

The Borrower acknowledges and agrees that the aggregate principal amount owing to the Lender under the Existing Loan Agreements together with all accrued and unpaid interest and

fees as of the date of the Borrower's filing of a Notice of Intention to File a Proposal pursuant to section 50.4 of the BIA (the "NOI") on July 26, 2017 was CDN\$8,467,826.01.

**Facility:** Multi-draw term super priority debtor-in-possession credit facility (the "**Facility**") to fund the Borrower's costs and expenses incurred as authorized pursuant to the orders of the BIA Court made under the BIA.

**Closing:** The date on which all "Conditions Precedent" set out in this DIP Term Sheet are satisfied.

**Use of Proceeds:** All advances made under the Facility shall be used for disbursements as approved by the Lender in writing (which approval may be granted or denied in the Lender's sole discretion) in respect of administrative expenses of the NOI Proceedings and approved post-filing obligations during the NOI Proceedings.

**Advances:** Subject to the limitation on availability, advances may be made by the Lender in its discretion to the Borrower in any of the following ways:

1. Any amounts advanced by the Lender pursuant to a written request of the Borrower and consented to by Richter Advisory Group Inc. (the "**Proposal Trustee**") shall be treated as an advance under the Facility pursuant to this DIP Term Sheet.
2. All reasonable costs and expenses incurred by the Lender (including reasonable fees and expenses of legal counsel) in relation to negotiating, concluding, monitoring and enforcing its rights under or pursuant to this DIP Term Sheet shall be treated as advances under the Facility and shall be added to the total outstanding advances under the Facility upon statements or invoices delivered by the Lender to the Borrower of the amount thereof from time to time.

**Draw Requests:** *DIP Order Draw* - Upon the granting of the DIP Order (as defined below), the Borrower may request an advance under the Facility in an amount to be approved by the Lender in its sole discretion.

*Subsequent Draws* - Following the DIP Order, the Borrower may request additional advances under the Facility by providing written notice to the Lender before 11:00 a.m. Eastern Standard Time at least two (2) business days prior to the date the advance is

intended to be made, subject to the Lender allowing a shorter notice period.

Maturity Date:

The obligations of the Lender hereunder shall expire on the earlier of (i) the date on which the stay of proceedings granted pursuant to the BIA or an order of the BIA Court finally expires without being extended; (ii) the date on which the NOI proceedings are terminated; (iii) August 31, 2017; (iv) the completion of the sale of all or substantially all of the assets of the Borrower in the aggregate pursuant to an asset purchase agreement between the Borrower, Fuel Industries Inc. and 2587485 Ontario Ltd. (the "**Sale Transaction**") and the finalization of the NOI Proceedings; (v) the effective date of any NOI proposal filed by the Borrower in the proceedings under the BIA and approved by the BIA Court; or (vi) an Event of Default (as defined below) (the earliest of such dates being the "**Maturity Date**").

On the Maturity Date, all amounts outstanding hereunder, including, without limitation, in respect of principal, interest, fees and expenses (the "**Obligations**") shall be repaid in full by the Borrower without the Lender being required to make demand upon the Borrower or to give notice that the Facility has expired and the Obligations are due and payable, subject to terms of the DIP Order.

Optional Prepayment:

The Borrower has the right to prepay advances, in whole or in part, without any prepayment penalty, together with all accrued and outstanding interest thereon to and including the date of prepayment. Amounts prepaid may not be re-advanced or re-borrowed.

Interest:

The Borrower shall pay the Lender interest ("**Interest**") on the principal outstanding amount of the advances and all other Obligations from time to time owing hereunder from the date of each advance or the date such other Obligation arises, as applicable, both before and after maturity, demand, default, or judgment and until actual payment in full, at the rate of 10% per annum payable on the Maturity Date; provided, however, that upon the occurrence of the Maturity Date or an Event of Default that is continuing the rate shall automatically become 13% per annum until all Obligations are satisfied in full.

Security:

All advances shall be secured by the superpriority charge (the "**DIP Charge**") on all assets, including the Purchased Assets (as defined in the DIP Order) of the Borrower, to be set forth in the DIP Order.

Conditions Precedent: The obligations of the Lender hereunder to make any advance under this DIP Term Sheet shall be subject to the satisfaction of the following Conditions Precedent at the time such advance is made:

- (a) An order of the BIA Court shall be issued approving this DIP Term Sheet and the DIP Charge, and authorizing the Borrower to enter into this DIP Term Sheet and to fulfill its obligations hereunder, in form and substance satisfactory to the Lender (the “DIP Order”);
- (b) The Lender shall be satisfied that no material adverse change in the business or the assets, including the Purchased Assets, of the Borrower has occurred after the date of the filing of the NOI Proceedings;
- (c) Other than the NOI Proceedings, there shall not exist in respect of the Borrower any action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental authority in Canada which is not stayed by the NOI Proceedings;
- (d) All reasonable fees, expenses and other costs payable in accordance with this DIP Term Sheet shall have been paid to the Lender or shall be paid immediately upon funding; and
- (e) No Event of Default shall exist at the time of such advance or immediately thereafter.

Covenants: The Borrower covenants as follows:

- (a) The Borrower shall seek the Lender’s consent to any material disbursement;
- (b) The Borrower shall provide the Lender with prompt notice of any material adverse change in its business or the assets, including the Purchased Assets, of the Borrower;
- (c) The Borrower shall deliver to the Lender (or its counsel) draft copies of any court materials in respect of the NOI Proceedings which the Borrower intends to file with the BIA Court for review by the Lender and all court materials shall be in a form

and substance satisfactory to the Lender acting reasonably;

- (d) The Borrower shall not grant, assume or suffer to exist any lien, charge or security interest on any of its assets, including the Purchased Assets, except for those that exist as of the date hereof and except for any lien, charge or encumbrance granted in the DIP Order;
- (e) The Borrower shall not transfer, assign or dispose of any of its assets, including the Purchased Assets, or take any step which would have the effect of extinguishing any related rights, without the prior written consent of the Lender;
- (f) The Borrower will not enter into any contract or agreement without the prior written consent of the Lender;
- (g) The Borrower will not take or neglect to take any actions that result in the suspension, termination, or revocation of any claim or licence in any province or territory in Canada, subject to any necessary available funding;
- (h) The Borrower shall allow the Lender and its legal and financial advisors (the “**DIP Advisors**”) full access to the books and records of the Borrower that are in the Borrower’s possession or can be obtained using commercially reasonable efforts, and cause management thereof to fully co-operate with all reasonable requests of the Lender;
- (i) The Borrower shall use reasonable efforts to keep the Lender and the DIP Advisors apprised on a timely basis of all material developments with respect to the activities and affairs of the Borrower;
- (j) The Borrower shall deliver to the Lender such information as may be reasonably requested by the Lender from time to time;
- (k) The Borrower shall only maintain cash in those deposit accounts of the Borrower as approved by the Lender;



- (l) The Borrower shall promptly notify the Lender of any Event of Default or pending Event of Default;
- (m) The Borrower shall duly and punctually pay or cause to be paid to the Lender all principal, interest, fees and other amounts payable by it under this DIP Term Sheet on the dates and in the amounts and manner set forth herein;
- (n) The Borrower shall provide the Lender with prompt notice of any claims which may have a material adverse effect upon the DIP Charge; and
- (o) The Borrower shall comply with all orders issued by the BIA Court and shall not consent to or seek any orders or variations to orders by the BIA Court except with the prior written consent of the Lender.

Milestones:

The Borrower shall meet each of the following milestones by the following dates (or such later date as the Lender may consent to in its sole discretion) (collectively, the “**Milestones**”):

- (a) DIP Order granted by July 31, 2017;
- (b) BIA Court approval of the Sale Transaction by July 31, 2017; and
- (c) Closing of Sale Transaction by August 31, 2017.

Events of Default:

The following shall be events of default (each, an “**Event of Default**”) hereunder upon the occurrence of which the Lender’s obligation to make further advances shall cease and which shall entitle the Lender to make immediate demand for payment of all Obligations:

- (a) A breach of any term, Milestone or covenant hereto, unless such breach is cured within 5 business days;
- (b) Any termination or expiry of the stay of proceedings under the BIA;
- (c) The DIP Order shall be in full force and effect and not have been appealed, stayed, reversed, vacated, rescinded, modified or amended in any respect materially adversely affecting the Lender acting reasonably;

- (d) The issuance of any court order granting a lien or charge having priority over the DIP Charge other than as specifically contemplated by the DIP Order;
- (e) Any action by the Borrower or Proposal Trustee, or any order of the BIA Court which in the Lender's opinion, acting reasonably, has a material adverse impact on the Lender;
- (f) This DIP Term Sheet shall cease to be effective or shall be contested by the Borrower;
- (g) The Borrower makes any payments of any kind not permitted by the DIP Order or this DIP Term Sheet for which the Lender has not provided its consent;
- (h) The occurrence of a material adverse effect on (a) the DIP Charge, or (b) any lien, charge, or security interest in favour of the Lender in respect of the Existing Loan Agreements;
- (i) In the Lender's opinion, acting reasonably, a material adverse change in the business or the assets, including the Purchased Assets, of the Borrower has occurred; and
- (j) Failure to pay any amount when due under this DIP Term Sheet.

Remedies:

Upon the occurrence of an Event of Default that is continuing, the Lender shall have no further obligation to make any advances (save and except its right to treat as advances its fees and expenses). The Lender shall be entitled to demand repayment in full of all obligations and to enforce the DIP Charge including by way of seeking the appointment of a receiver subject to seeking leave of the BIA Court as required or take any other action permitted by law. The Lender shall have all the rights and remedies of a secured party under the *Personal Property Security Act* (Ontario).

Governing Law:

This DIP Term Sheet shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Time is of the Essence:

Time is of the essence in this DIP Term Sheet and the time for performance of the obligations of the parties hereto may be strictly enforced.

Further Assurances: The Borrower agrees to do all things and execute all documents reasonably necessary to give effect to this DIP Term Sheet.

Counterparts: This DIP Term Sheet may be executed in counterparts each of which shall be deemed to be an original. Facsimile or pdf signatures shall be accepted as binding.

Dated: July [●], 2017

**[REMAINDER OF PAGE INTENTIONALLY BLANK]**

IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as of the date set forth above.

**FUEL INDUSTRIES INC., as Borrower**

By: \_\_\_\_\_  
Name:  
Title:  
By: \_\_\_\_\_  
Name:  
Title:

**FUEL TECHNOLOGIES INC., as Borrower**

By: \_\_\_\_\_  
Name:  
Title:  
By: \_\_\_\_\_  
Name:  
Title:

**CHOU ASSOCIATES MANAGEMENT INC.,  
as Lender**

By: \_\_\_\_\_  
Name:  
Title:  
By: \_\_\_\_\_  
Name:  
Title:

This is Exhibit "MM" to the  
Affidavit of Michel Burns  
Sworn July 31, 2017

---

Commissioner for taking affidavits

**PERSONAL PROPERTY  
SECURITY REGISTRATION  
SYSTEM (ONTARIO)  
ENQUIRY RESULTS**



*A Service Provider under Contract  
with the Ministry of Government  
Services*

---

Prepared for : Stikeman Elliott LLP - Beatrice Lorusso  
Reference :  
Docket : 141895,1001  
Search ID : 652901  
Date Processed : 10 Jul 2017  
Report Type : PPSA Electronic Response  
Search Conducted on : FUEL INDUSTRIES INC.  
Search Type : Business Debtor

---

**DISCLAIMER :**

This report has been generated using data provided by the Personal Property Registration System, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

RUN NUMBER : 191  
RUN DATE : 2017/07/10  
ID : 20170710103203.96

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY SEARCH RESPONSE

REPORT : PSSR060  
PAGE : 1

531  
THIS SEARCH DOES NOT CONSTITUTE A CERTIFICATE PURSUANT TO SECTIONS 43 AND 44 OF THE PPSA. A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:  
TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
FILE CURRENCY : 09JUL 2017

ENQUIRY NUMBER 20170710103203.96 CONTAINS 47 PAGE(S), 13 FAMILY(IES).

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.

STIKEMAN ELLIOTT LLP - BEATRICE LORUSSO  
COMMERCE COURT WEST  
TORONTO ON M5L 1B9

CONTINUED... 2

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 724202937

CAUTION FILING NO.	PAGE OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
001	1	1	20170119	1535	P	PPSA 06

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC.

03 NAME BUSINESS NAME FUEL INDUSTRIES INC. ONTARIO CORPORATION NO. ON K1Y 4P1

04 ADDRESS 100-7 HINTON AVE N OTTAWA

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / LIEN CLAIMANT ADDRESS LABEL INC.

08 COLLATERAL CLASSIFICATION ADDRESS 5035 SOUTH SERVICE ROAD BURLINGTON ON L7R 4C8

09 COLLATERAL CLASSIFICATION CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

11 YEAR MAKE MODEL V.I.N.

12 MOTOR VEHICLE TELEPHONE SYSTEM AND ACCESSORIES

13 GENERAL COLLATERAL

14 DESCRIPTION REGISTRATION JCLD ONLINE MISSISSAUGA ON L5J 2Z1

15 REGISTERING AGENT ADDRESS 16-1375 SOUTHDOWN RD STE 322 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\* CONTINUED... 3



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 721022094

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
01	01	004		20160928	1036	8077 7545 P PPSA 3

01 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC

03 NAME BUSINESS NAME FUEL INDUSTRIES INC

04 ADDRESS 7 HINTON AVENUE N OTTAWA ONTARIO CORPORATION NO. ON K1Y4P1

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 SECURED PARTY / LIEN CLAIMANT ADDRESS DELL FINANCIAL SERVICES CANADA LIMITED

08 COLLATERAL CLASSIFICATION ADDRESS 155 GORDON BAKER RD, STE 501 NORTH YORK ON M2H 3N5

09 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED

10 YEAR MAKE MODEL V.I.N. X X

11 MOTOR VEHICLE

12 GENERAL COLLATERAL ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED

13 COLLATERAL DESCRIPTION PARTY PURSUANT TO LEASE 200-3179990-021 TOGETHER WITH ALL

14 REGISTERING REGISTRY = RECOVERY INC. TORONTO ON M8Z 1T5

15 AGENT ADDRESS 1551 THE QUEENSWAY \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\* CONTINUED... 4

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 721022094

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
02	02	004	20160928	1036	8077 7545

DEBTOR NAME BUSINESS NAME  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

04 ADDRESS  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ONTARIO CORPORATION NO.

05 DEBTOR NAME BUSINESS NAME  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ONTARIO CORPORATION NO.

06 DEBTOR NAME BUSINESS NAME  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ONTARIO CORPORATION NO.

07 SECURED PARTY / LIEN CLAIMANT  
 ADDRESS

08 COLLATERAL CLASSIFICATION  
 ADDRESS

09 COLLATERAL CLASSIFICATION  
 CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE  
 YEAR MAKE MODEL V.I.N.

10 MOTOR VEHICLE  
 11 GENERAL COLLATERAL  
 12 COLLATERAL DESCRIPTION  
 13 REGISTRATION AGENT  
 14 ADDRESS  
 15  
 16  
 17

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 5

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 721022094

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
03	03	004	20160928	1036	8077	7545

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS  
 03 NAME BUSINESS NAME ADDRESS  
 04 ADDRESS

ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 06 NAME BUSINESS NAME ADDRESS

ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS  
 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR  
 12 VEHICLE  
 13 GENERAL ALL RENTAL OR INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER  
 14 COLLATERAL PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE AND ARISING FROM OR  
 15 DESCRIPTION RELATING TO SUCH EQUIPMENT. PROCEEDS ALL PRESENT AND AFTER-ACQUIRED  
 16 REGISTERING  
 17 AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED...

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 721022094

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
04	04	004	20160928	1036	8077	7545

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 02 DEBTOR BUSINESS NAME  
 03 DEBTOR BUSINESS NAME  
 04 DEBTOR BUSINESS NAME  
 05 DEBTOR BUSINESS NAME  
 06 DEBTOR BUSINESS NAME  
 07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT ADDRESS  
 09 COLLATERAL CLASSIFICATION ADDRESS  
 10 COLLATERAL CLASSIFICATION CONSUMER  
 11 MOTOR YEAR MAKE MODEL V.I.N.  
 12 VEHICLE  
 13 GENERAL PERSONAL PROPERTY.  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING  
 17 AGENT ADDRESS

GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 7

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 719180541

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
001	1	1	20160802	1449	1590	4055
					P	PPSA
						5

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 01 001 1 FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC.

03 NAME BUSINESS NAME FUEL INDUSTRIES INC. ONTARIO CORPORATION NO. 001847301  
 04 ADDRESS 7 HINTON AVE N., SUITE 100 OTTAWA ON K1Y 4P1

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME ONTARIO CORPORATION NO.  
 06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS CHOU ASSOCIATES MANAGEMENT INC.

08 LIEN CLAIMANT ADDRESS 110 SHEPPARD AVE EAST, SUITE 301, BOX 18 TORONTO ON M2N 6Y8

09 COLLATERAL CLASSIFICATION COLLATERAL CLASSIFICATION  
 CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE AMOUNT DATE OF NO FIXED

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
 X X X X V.I.N.

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

13 GENERAL ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

14 COLLATERAL ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

15 DESCRIPTION ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

16 REGISTRATION ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

17 AGENT ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

OWENS WRIGHT LLP (JUSTINE GIANCOLA)  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 8

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

708976305

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
001	001	001	20150813	1720	P	PPSA 2

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC.

03 NAME BUSINESS NAME  
 04 ADDRESS 7 HINTON AVENUE NORTH, SUITE 100 OTTAWA ONTARIO CORPORATION NO.  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME  
 06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT DAHAVLAND CAPITAL CORPORATION, IN TRUST

09 COLLATERAL CLASSIFICATION ADDRESS 220 SPARKS STREET OTTAWA ON K1P 5C1  
 CONSUMER

GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE	AMOUNT	DATE OF	NO	FIXED
YEAR	MAKE	MODEL			INCLUDED		MATURITY	OR	MATURITY
							DATE		DATE
X	X	X	X	X	X				

10 MOTOR VEHICLE  
 11 GENERAL  
 12 COLLATERAL  
 13 DESCRIPTION  
 14 REGISTERING  
 15 AGENT  
 16 ADDRESS 1420-99 BANK STREET OTTAWA ON K1P 1H4  
 DENTONS CANADA LLP (PMR/SK)

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 9

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 705125286

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
01	01	004		20150414	1625 8077 8646	P PPSA 3

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC

03 NAME BUSINESS NAME FUEL INDUSTRIES INC  
 04 ADDRESS 7 HINTON AVE NORTH SUITE 100 OTTAWA ONTARIO CORPORATION NO. ON K1Y4P1

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME BUSINESS NAME  
 06 NAME BUSINESS NAME  
 07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / ADDRESS DELL FINANCIAL SERVICES CANADA LIMITED  
 LIEN CLAIMANT

09 COLLATERAL CLASSIFICATION ADDRESS 155 GORDON BAKER RD, STE 501 NORTH YORK ON M2H 3N5  
 COLLATERAL CLASSIFICATION

GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE	AMOUNT	DATE OF	NO	FIXED
CONSUMER	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED		MATURITY	OR	MATURITY
YEAR	MAKE	MODEL	V.I.N.				DATE		DATE
X									X

10 MOTOR YEAR MAKE MODEL V.I.N.  
 11 VEHICLE  
 12 GENERAL  
 13 COLLATERAL ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS  
 14 DESCRIPTION WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED  
 15 PARTY PURSUANT TO 200-3179990-020 LEASE TOGETHER WITH ALL  
 16 REGISTERING REGISTRY = RECOVERY INC.  
 17 AGENT

ADDRESS 1551 THE QUEENSWAY TORONTO ON M8Z 1T5  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 10

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

705125286

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
02	02	004	20150414	1625 8077	8646

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME  
 03 NAME BUSINESS NAME  
 04 ADDRESS

ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 06 NAME BUSINESS NAME  
 07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY / ADDRESS  
 LIEN CLAIMANT

09 COLLATERAL CLASSIFICATION ADDRESS  
 CONSUMER

GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
10					

11 MOTOR YEAR MAKE MODEL V.I.N.  
 12 VEHICLE  
 13 GENERAL

14 COLLATERAL SUBSTITUTIONS, ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND  
 15 DESCRIPTION THEREOF NOW AND HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN  
 16 REGISTRATION CONJUNCTION WITH SUCH EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH  
 17 AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 11



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.

FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 705125286

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
03	004			20150414 1625	8077	8646

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME  
 03 NAME BUSINESS NAME  
 04 ADDRESS ONTARIO CORPORATION NO.

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05 DEBTOR BUSINESS NAME  
 06 NAME BUSINESS NAME  
 07 ADDRESS ONTARIO CORPORATION NO.

SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT

COLLATERAL CLASSIFICATION ADDRESS  
 09 CONSUMER

GOODS	INVENTORY EQUIPMENT	OTHER	INCLUDED	AMOUNT	DATE OF	NO	FIXED
					MATURITY	OR	MATURITY
					DATE	DATE	DATE

YEAR MAKE MODEL V.I.N.

11 MOTOR  
 12 VEHICLE  
 13 GENERAL ALL RENTAL OR INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER  
 14 COLLATERAL PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE AND ARISING FROM OR  
 15 DESCRIPTION RELATING TO SUCH EQUIPMENT. PROCEEDS ALL PRESENT AND AFTER-ACQUIRED  
 16 REGISTERING  
 17 AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 705125286

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
04	04	004		20150414 1625	8077	8646

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR BUSINESS NAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / ADDRESS

08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER

11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

12 YEAR MAKE MODEL V.I.N.

13 MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

14 VEHICLE PERSONAL PROPERTY.

15 GENERAL COLLATERAL

16 DESCRIPTION REGISTERING

17 AGENT ADDRESS

542

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 13

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 703598274

CAUTION FILING NO.	PAGE OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
001	001	001	20150212	1155	1862	1373 P PPSA

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 001 001 20150212 1155 1862 1373 P PPSA

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC.  
 03 NAME

04 DEBTOR ADDRESS 7 HINTON AVENUE N., SUITE 100 OTTAWA ONTARIO CORPORATION NO.  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME  
 07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT  
 ADDRESS ROYAL BANK OF CANADA

09 COLLATERAL CLASSIFICATION ADDRESS 90 SPARKS STREET, 2ND FLOOR OTTAWA ON K1P 5T6  
 COLLATERAL CLASSIFICATION

GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	MOTOR VEHICLE AMOUNT	DATE OF MATURITY	OR MATURITY DATE	NO FIXED MATURITY DATE
X X X X				

10 YEAR MAKE MODEL V.I.N.  
 11 MOTOR  
 12 VEHICLE  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING  
 17 AGENT

ADDRESS 45 O'CONNOR STREET, SUITE 1500 OTTAWA ON K1P 1A4  
 NORTON ROSE FULBRIGHT CANADA LLP (PD)  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 14

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 703598274  
 21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED YEARS CORRECT PERIOD  
 22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 23 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC.  
 24 TRANSFEROR  
 25 OTHER CHANGE  
 26 REASON/  
 27 DESCRIPTION  
 28

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05 TRANSFEREE BUSINESS NAME  
 06  
 04/07 ADDRESS  
 29 ASSIGNOR ROYAL BANK OF CANADA  
 08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE CHOU ASSOCIATES MANAGEMENT INC.  
 09 ADDRESS 110 SHEPPARD AVE. EAST, SUITE 301, TORONTO ON M2N 6Y8  
 COLLATERAL CLASSIFICATION

ONTARIO CORPORATION NO.

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
 12 YEAR MAKE MODEL V.I.N.  
 13 MOTOR  
 14 VEHICLE  
 15 GENERAL  
 16 COLLATERAL  
 17 DESCRIPTION  
 18 REGISTERING AGENT OR  
 19 SECURED PARTY/ ADDRESS STIKEMAN ELLIOTT LLP  
 20 LIEN CLAIMANT 5300 COMMERCE COURT WEST, 199 BAY STREET TORONTO ON M5L 1B9

544  
 15  
 14  
 13  
 12  
 11  
 10

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
 01 002 2 20170525 1124 9234 1114  
 21 RECORD FILE NUMBER 703598274  
 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 YEARS PERIOD

22  
 23 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 24 DEBTOR/ BUSINESS NAME

25 TRANSFEROR  
 26 OTHER CHANGE  
 27 REASON/  
 28 DESCRIPTION  
 02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05/ TRANSFEREE BUSINESS NAME  
 06/

04/07 ADDRESS  
 29 ASSIGNOR ADDRESS  
 08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE  
 09 COLLATERAL CLASSIFICATION ADDRESS BOX 18  
 10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity OR Maturity Date  
 YEAR MAKE MODEL V.I.N.

11 MOTOR  
 12 VEHICLE  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING AGENT OR  
 17 SECURED PARTY/ ADDRESS  
 LIEN CLAIMANT

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 703486755

CAUTION FILING NO.	PAGE OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
001	1	1	20150206	1344	P	PPSA 5

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC.

03 NAME BUSINESS NAME FUEL INDUSTRIES INC. ONTARIO CORPORATION NO. ON K1Y 4P1

04 ADDRESS 7 HINTON AVENUE NORTH, SUITE 100 OTTAWA

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / LIEN CLAIMANT ADDRESS CHOU ASSOCIATES MANAGEMENT INC.

08 ADDRESS 110 SHEPPARD AVE. E, SUITE 301, BOX 18 TORONTO ON M2N 6Y8

09 COLLATERAL CLASSIFICATION COLLATERAL CLASSIFICATION CONSUMER

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED MATURITY DATE

11 YEAR MAKE MODEL V.I.N.

12 MOTOR INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED MATURITY DATE

13 VEHICLE GENERAL COLLATERAL OWENS WRIGHT LLP (JUSTINE DE PALMA)

14 GENERAL COLLATERAL OWENS WRIGHT LLP (JUSTINE DE PALMA)

15 DESCRIPTION REGISTRATION OWENS WRIGHT LLP (JUSTINE DE PALMA)

16 REGISTERING AGENT ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

17 AGENT ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

699475473

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION				
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD				
01	01	004		20140903 1430	P	PPSA 3				
02	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME					
03	DEBTOR	BUSINESS NAME	FUEL INDUSTRIES INC			ONTARIO CORPORATION NO.				
04	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME					
05	DEBTOR	BUSINESS NAME	FUEL INDUSTRIES INC			ONTARIO CORPORATION NO.				
06	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME					
07	DEBTOR	BUSINESS NAME	FUEL INDUSTRIES INC			ONTARIO CORPORATION NO.				
08	SECURED PARTY /	ADDRESS	DELL FINANCIAL SERVICES CANADA LIMITED							
09	LIEN CLAIMANT	ADDRESS	155 GORDON BAKER RD, STE 501			NORTH YORK ON M2H 3N5				
10	COLLATERAL CLASSIFICATION	CONSUMER	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF	NO FIXED	MATURITY OR	MATURITY DATE
11	MOTOR	YEAR MAKE	X	MODEL	V.I.N.					
12	VEHICLE									
13	GENERAL									
14	COLLATERAL									
15	DESCRIPTION									
16	REGISTRATION									
17	AGENT									

ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS  
 WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED  
 PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS,  
 REGISTRY = RECOVERY INC.  
 ADDRESS 1551 THE QUEENSWAY TORONTO ON M8Z 1T5  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 18

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

699475473

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
02	02	004	20140903	1430	8077 1850

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR BUSINESS NAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / ADDRESS

08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS

10 CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND  
 13 GENERAL HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH  
 14 COLLATERAL EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR  
 15 DESCRIPTION  
 16 REGISTERING  
 17 AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 19



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 699475473

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
03	03	004	20140903	1430	8077 1850

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS  
 03 NAME BUSINESS NAME  
 04 ADDRESS  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ONTARIO CORPORATION NO.

05 DEBTOR BUSINESS NAME ADDRESS  
 06 NAME BUSINESS NAME  
 ADDRESS  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS  
 CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR  
 12 VEHICLE  
 13 GENERAL INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS  
 14 COLLATERAL DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT.  
 15 DESCRIPTION PROCEEDS ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.  
 16 REGISTERING  
 17 AGENT

ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 20

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 699475473

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
04	04	004	20140903	1430 8077	1850

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / ADDRESS

08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER

11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

12 YEAR MAKE MODEL V.I.N.

13 MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

14 GENERAL COLLATERAL

15 DESCRIPTION REGISTERING

16 AGENT ADDRESS

17 ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 21

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 699200451

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
01	01	004	20140825	1030	8077	1314
					P	PPSA
						3

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 03 NAME BUSINESS NAME FUEL INDUSTRIES INC  
 ONTARIO CORPORATION NO.

04 ADDRESS 7 - HINTON AVE NORTH SUITE 100 OTTAWA  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ON K1Y4P1

05 DEBTOR BUSINESS NAME  
 06 NAME BUSINESS NAME  
 ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT DELL FINANCIAL SERVICES CANADA LIMITED  
 09 COLLATERAL CLASSIFICATION ADDRESS 155 GORDON BAKER RD, STE 501 NORTH YORK ON M2H 3N5

CONSUMER	GOODS	INVENTORY EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
				INCLUDED		MATURITY	MATURITY DATE
	X			X			X

10 YEAR MAKE MODEL V.I.N.  
 11 MOTOR  
 12 VEHICLE  
 13 GENERAL ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS  
 14 COLLATERAL WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED  
 15 DESCRIPTION PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS,  
 16 REGISTERING REGISTRY = RECOVERY INC.

17 ADDRESS 1551 THE QUEENSWAY TORONTO ON M8Z 1T5  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 22

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
699200451

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
02	02	004	20140825	1030	8077 1314

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 02 DEBTOR BUSINESS NAME  
 03 DEBTOR BUSINESS NAME  
 04 DEBTOR BUSINESS NAME

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 06 DEBTOR BUSINESS NAME  
 07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT ADDRESS  
 09 COLLATERAL CLASSIFICATION ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE  
 11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED  
 12 YEAR MAKE MODEL V.I.N.  
 13 MOTOR VEHICLE  
 14 VEHICLE  
 15 GENERAL ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND  
 16 COLLATERAL HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH  
 17 DESCRIPTION EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR  
 REGISTERING  
 AGENT  
 ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 23

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 699200451

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
03	004			20140825 1030	8077	1314

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME  
 03 NAME BUSINESS NAME  
 04 ADDRESS  
 05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 06 NAME BUSINESS NAME  
 07 ADDRESS  
 08 SECURED PARTY /  
 LIEN CLAIMANT  
 09 COLLATERAL CLASSIFICATION ADDRESS  
 10 COLLATERAL CLASSIFICATION  
 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
 11 MOTOR YEAR MAKE MODEL V.I.N.  
 12 VEHICLE  
 13 GENERAL INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS  
 14 COLLATERAL DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT.  
 15 DESCRIPTION PROCEEDS ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.  
 16 REGISTERING  
 17 AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 24

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 699200451

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
04	04	004	20140825	1030	8077 1314

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS

03 DEBTOR BUSINESS NAME ADDRESS

04 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME ADDRESS

06 DEBTOR BUSINESS NAME ADDRESS

07 SECURED PARTY / LIEN CLAIMANT ADDRESS

08 COLLATERAL CLASSIFICATION

09 COLLATERAL CLASSIFICATION

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT

17 ADDRESS

554

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 25

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 698358393

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
01	01	004	20140725	1437	8077	9216 P PPSA 4

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC OTTAWA ONTARIO CORPORATION NO. K1Y4P1

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 DEBTOR BUSINESS NAME BUSINESS NAME ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT ADDRESS  
 DELL FINANCIAL SERVICES CANADA LIMITED

COLLATERAL CLASSIFICATION ADDRESS  
 155 GORDON BAKER RD, STE 501 NORTH YORK ON M2H 3N5

CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED  
 X X X

YEAR MAKE MODEL V.I.N.

ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS  
 WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED  
 PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS,  
 REGISTRY = RECOVERY INC.

ADDRESS 1551 THE QUEENSWAY TORONTO ON M8Z 1T5

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 26

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

698358393

CAUTION FILING	PAGE NO. OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
02	02	20140725	1437	8077 9216

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR BUSINESS NAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / ADDRESS

08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER

11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

12 YEAR MAKE MODEL V.I.N.

13 MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

14 GENERAL ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND

15 COLLATERAL HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH

16 DESCRIPTION EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR

17 REGISTERING AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 27

556



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 698358393

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
03	004			20140725 1437	8077	9216

01 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME  
 03 NAME BUSINESS NAME  
 04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT

09 COLLATERAL CLASSIFICATION ADDRESS  
 CONSUMER

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE  
 13 GENERAL INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS  
 14 COLLATERAL DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT.

15 DESCRIPTION PROCEEDS ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.  
 16 REGISTERING  
 17 AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 698358393

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
04	04	004	20140725	1437 8077	9216	

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS

03 DEBTOR BUSINESS NAME ADDRESS

04 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME ADDRESS

06 DEBTOR BUSINESS NAME ADDRESS

07 SECURED PARTY / LIEN CLAIMANT ADDRESS

08 COLLATERAL CLASSIFICATION

09 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED

10 YEAR MAKE MODEL V.I.N.

11 MOTOR

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT

ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED...

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 695406159

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
01	01	004	20140422	1019	8077	0634
					P	PPSA
						4

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 03 NAME BUSINESS NAME FUEL INDUSTRIES INC  
 ONTARIO CORPORATION NO.

04 ADDRESS 7 - HINTON AVE NORTH SUITE 100 OTTAWA  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 ON K1Y4P1

05 DEBTOR BUSINESS NAME  
 06 NAME BUSINESS NAME  
 ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT DELL FINANCIAL SERVICES CANADA LIMITED  
 ADDRESS 155 GORDON BAKER RD, STE 501 NORTH YORK ON M2H 3N5

09 COLLATERAL CLASSIFICATION  
 COLLATERAL CLASSIFICATION  
 CONSUMER  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 YEAR MAKE X X Maturity OR Maturity Date X  
 MODEL V.I.N.

10 MOTOR  
 11 VEHICLE  
 12 GENERAL  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING  
 17 AGENT

ADDRESS 1551 THE QUEENSWAY TORONTO ON M8Z 1T5  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 30

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER

695406159

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
02	02	004	20140422	1019 8077	0634

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR BUSINESS NAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / LIEN CLAIMANT ADDRESS

08 COLLATERAL CLASSIFICATION ADDRESS

09 COLLATERAL CLASSIFICATION CONSUMER

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 GENERAL COLLATERAL ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR REGISTERING AGENT

17 ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 31

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 695406159

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
03	004			20140422 1019 8077	0634	

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS  
 03 NAME BUSINESS NAME  
 04 ADDRESS  
 05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 06 NAME BUSINESS NAME  
 07 ADDRESS  
 08 SECURED PARTY / ADDRESS  
 09 LIEN CLAIMANT ADDRESS  
 10 COLLATERAL CLASSIFICATION  
 11 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 12 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
 13 YEAR MAKE MODEL V.I.N.  
 14 MOTOR  
 15 VEHICLE  
 16 GENERAL INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS  
 17 COLLATERAL DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT.  
 18 DESCRIPTION PROCEEDS ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.  
 19 REGISTERING  
 20 AGENT  
 21 ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 32

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 695406159

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
04	04	004	20140422	1019 8077	0634

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / ADDRESS

08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER

11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

12 YEAR MAKE MODEL V.I.N.

13 MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

14 GENERAL COLLATERAL

15 DESCRIPTION REGISTERING

16 AGENT ADDRESS

17 ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 33

562

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 663689412

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
01	01	004		20100813 1450	8077 9737	P PPSA 24

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC

03 NAME BUSINESS NAME FUEL INDUSTRIES INC  
 04 ADDRESS 100 - 7 HINTON AVE NORTH OTTAWA  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME  
 06 NAME BUSINESS NAME

07 SECURED PARTY / LIEN CLAIMANT ADDRESS  
 08 DELL FINANCIAL SERVICES CANADA LIMITED

09 COLLATERAL CLASSIFICATION ADDRESS 155 GORDON BAKER RD, STE 501 NORTH YORK ON M2H 3N5

10 COLLATERAL CLASSIFICATION CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE NO FIXED

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS

14 COLLATERAL WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED

15 DESCRIPTION PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS,

16 REGISTERING REGISTRY = RECOVERY INC.

17 AGENT ADDRESS 1551 THE QUEENSWAY TORONTO ON M8Z 1T5

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 34

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

663689412

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
02	02	004	20100813	1450	8077	9737

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME

03 DEBTOR BUSINESS NAME

04 DEBTOR BUSINESS NAME

05 DEBTOR BUSINESS NAME

06 DEBTOR BUSINESS NAME

07 SECURED PARTY / ADDRESS

08 LIEN CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT

17 ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 35

564



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 663689412

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
03	03	004	20100813	1450 8077	9737

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS  
 03 NAME BUSINESS NAME ADDRESS  
 04 ADDRESS

ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ADDRESS  
 07 SECURED PARTY / ADDRESS  
 08 LIEN CLAIMANT ADDRESS  
 09 COLLATERAL CLASSIFICATION ADDRESS

ONTARIO CORPORATION NO.

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE  
 13 GENERAL INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS  
 14 COLLATERAL DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT.  
 15 DESCRIPTION PROCEEDS ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.  
 16 REGISTERING  
 17 AGENT

ADDRESS

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 36

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 663689412

CAUTION FILING NO.	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER PERIOD
04	04	004	20100813	1450 8077	9737

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME ADDRESS

03 DEBTOR BUSINESS NAME ADDRESS

04 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME ADDRESS

06 DEBTOR BUSINESS NAME ADDRESS

07 SECURED PARTY / LIEN CLAIMANT ADDRESS

08 COLLATERAL CLASSIFICATION ADDRESS

09 COLLATERAL CLASSIFICATION CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT DATE OF MATURITY OR MATURITY DATE

10 GOODS YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT ADDRESS

12 VEHICLE GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT ADDRESS

13 GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT ADDRESS

14 COLLATERAL DESCRIPTION REGISTERING AGENT ADDRESS

15 DESCRIPTION REGISTERING AGENT ADDRESS

16 REGISTERING AGENT ADDRESS

17 ADDRESS

566

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 37

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 868883562  
 MOTOR VEHICLE REGISTRATION NUMBER 20010108 1449 1530 5985  
 REGISTERED UNDER PERIOD P PPSA 5

01 CAUTION FILING NO. OF PAGES 01 001  
 DATE OF BIRTH 01  
 FIRST GIVEN NAME INITIAL SURNAME  
 02 DEBTOR BUSINESS NAME FUEL INDUSTRIES INC  
 03 NAME BUSINESS NAME FUEL INDUSTRIES INC  
 04 ADDRESS 33 ROYDON PLACE SUITE 207 NEPEAN ONTARIO CORPORATION NO. ON K2E 1A3  
 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR BUSINESS NAME  
 06 NAME BUSINESS NAME  
 07 ADDRESS  
 08 SECURED PARTY / LIEN CLAIMANT ADDRESS 630 RENE LEVESQUE W 1ST FL MONTREAL PQ H3B 1S6  
 09 COLLATERAL CLASSIFICATION CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE  
 10 GOODS X X X X V.I.N.  
 11 MOTOR YEAR MAKE MODEL  
 12 VEHICLE  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING  
 17 AGENT

ADDRESS SUITE 180-13571 COMMERCE PARKWAY RICHMOND BC V6V2L1  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CANADIAN SECURITIES REGISTRATION SYSTEMS  
 CONTINUED... 38

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 868883562 20051208 1456 1530 1441

21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 X B RENEWAL 5 PERIOD

22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME

23 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC

24 TRANSFEROR  
 25 OTHER CHANGE  
 26 REASON/  
 27 DESCRIPTION

28 DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02/ TRANSFEREE BUSINESS NAME ADDRESS

03/ ASSIGNEE ADDRESS

04/07 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 COLLATERAL CLASSIFICATION ADDRESS

09 CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE

10 MOTOR YEAR MAKE MODEL V.I.N.

11 VEHICLE  
 12 GENERAL  
 13 COLLATERAL  
 14 DESCRIPTION  
 15 REGISTERING AGENT OR  
 16 SECURED PARTY/  
 17 LIEN CLAIMANT

CANADIAN SECURITIES REGISTRATION SYSTEMS  
 4126 NORLAND AVENUE BURNABY BC V5G 3S8

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
 01 01 001 20101222 1053 1529 8068  
 RECORD FILE NUMBER 868883562  
 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 X B RENEWAL 5 PERIOD

22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 23 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC  
 24 TRANSFEROR

25 OTHER CHANGE  
 26 REASON/  
 27 DESCRIPTION  
 28

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05 TRANSFEREE BUSINESS NAME  
 03/ ADDRESS  
 06  
 04/07 ASSIGNEE ADDRESS  
 29 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE  
 08  
 09 COLLATERAL CLASSIFICATION ADDRESS

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity OR Maturity Date  
 YEAR MAKE MODEL V.I.N.

11 MOTOR  
 12 VEHICLE  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING AGENT OR  
 17 SECURED PARTY/ ADDRESS CANADIAN SECURITIES REGISTRATION SYSTEMS BURNABY BC V5G 3S8  
 LIEN CLAIMANT 4126 NORLAND AVENUE

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 001 20151204 1939 1531 3782

21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 X B RENEWAL 5 PERIOD

22 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC FIRST GIVEN NAME INITIAL SURNAME

23 TRANSFEROR OTHER CHANGE REASON/ DESCRIPTION

24 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC FIRST GIVEN NAME INITIAL SURNAME

25 TRANSFEREE BUSINESS NAME ADDRESS

26 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

27 COLLATERAL CLASSIFICATION ADDRESS

28 CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT DATE OF NO FIXED MATURETY OR MATURETY DATE

04/07 YEAR MAKE MODEL V.I.N.

08 MOTOR VEHICLE

09 GENERAL COLLATERAL

10 REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT

11 CANADIAN SECURITIES REGISTRATION SYSTEMS

12 4126 NORLAND AVENUE

13 BURNABY

14 BC

15 V5G 3S8

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
 01 01 003 20160302 1434 1530 2725  
 RECORD FILE NUMBER 868883562  
 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 X A AMENDMENT YEARS PERIOD

22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 23 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC  
 24 TRANSFEROR

25 OTHER CHANGE  
 26 REASON/ CHANGE DEBTOR'S ADDRESS FROM 33 ROYDON PLACE SUITE 207  
 27 DESCRIPTION NEPEAN, ON  
 28 TO  
 02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 TRANSFEREE BUSINESS NAME FUEL INDUSTRIES INC  
 03/ ADDRESS SUITE 100 7 HINTON AVE N OTTAWA ON K1Y 4P1  
 04/07 ASSIGNEE  
 29 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE  
 08 ADDRESS  
 09 COLLATERAL CLASSIFICATION

COLLATERAL CLASSIFICATION  
 CONSUMER MOTOR VEHICLE  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT DATE OF NO FIXED  
 YEAR MAKE MODEL V.I.N. Maturity OR Maturity Date

11 MOTOR  
 12 VEHICLE  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING AGENT OR CANADIAN SECURITIES REGISTRATION SYSTEMS  
 17 SECURED PARTY/ ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8  
 LIEN CLAIMANT

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 003 20160302 1434 1530 2725

REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 YEARS PERIOD

22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME

23 DEBTOR/ BUSINESS NAME

24 TRANSFEROR

25 OTHER CHANGE

26 REASON/ SUITE 100

27 DESCRIPTION 7 HINTON AVE N

OTTAWA

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05/ DEBTOR/ BUSINESS NAME

03/ TRANSFEREE BUSINESS NAME

06 ADDRESS

04/07 ASSIGNEE

29 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS

09 COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT OR

17 SECURED PARTY/ ADDRESS

LIEN CLAIMANT

572

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
 03 003 20160302 1434 1530 2725

RECORD FILE NUMBER 868883562  
 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 YEARS PERIOD

22  
 23 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 24 DEBTOR/ BUSINESS NAME

25 TRANSFEROR  
 26 OTHER CHANGE  
 27 REASON/ ON CANADA  
 28 DESCRIPTION K1Y4P1

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05/ TRANSFEREE BUSINESS NAME

06/ ADDRESS

04/07 ASSIGTOR ADDRESS  
 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS  
 09 COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity OR Maturity DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION  
 16 REGISTERING AGENT OR  
 17 SECURED PARTY/ ADDRESS  
 LIEN CLAIMANT

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 001 2 20170525 1125 9234 1115

21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 D ASSIGNMENT YEARS PERIOD

22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME

23 DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC

24 TRANSFEROR

25 OTHER CHANGE

26 REASON/

27 DESCRIPTION

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03/ TRANSFEREE BUSINESS NAME

04/07 ASSIGNOR ADDRESS

29 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ROYAL BANK OF CANADA

08 CHOU ASSOCIATES MANAGEMENT INC.  
 110 SHEPPARD AVE. EAST, SUITE 301, TORONTO ON M2N 6Y8

09 COLLATERAL CLASSIFICATION

CONSUMER MOTOR VEHICLE NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT OR

17 SECURED PARTY/ ADDRESS

574

STIKEMAN ELLIOTT LLP  
 5300 COMMERCE COURT WEST, 199 BAY STREET TORONTO ON M5L 1B9

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
 01 002 2 20170525 1125 9234 1115

21 RECORD FILE NUMBER 868883562  
 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 YEARS PERIOD

22  
 23 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 24 DEBTOR/ BUSINESS NAME

25 TRANSFEROR  
 26 OTHER CHANGE  
 27 REASON/  
 28 DESCRIPTION

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05/ TRANSFEREE BUSINESS NAME  
 03/ TRANSFEREE BUSINESS NAME  
 06/ ADDRESS  
 04/07 ADDRESS

29 ASSIGNOR  
 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS BOX 18  
 09 COLLATERAL CLASSIFICATION  
 CONSUMER MOTOR VEHICLE  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT DATE OF NO FIXED  
 MATURITY OR MATURITY DATE

10 YEAR MAKE MODEL V.I.N.  
 11 MOTOR  
 12 VEHICLE  
 13 GENERAL  
 14 COLLATERAL  
 15 DESCRIPTION  
 16 REGISTERING AGENT OR  
 17 SECURED PARTY/ ADDRESS  
 LIEN CLAIMANT

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 868883562  
 21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED A AMENDMENT  
 22 1 FIRST GIVEN NAME INITIAL SURNAME

23 REFERENCE DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC  
 24 TRANSFEROR OTHER CHANGE AMENDMENT TO CORRECT THE DEBTOR NAME  
 25 REASON/ DESCRIPTION DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 26 04/07 ASSIGTOR ADDRESS SUITE 100 7 HINTON AVE N OTTAWA ON K1Y 4P1  
 27 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE  
 28 COLLATERAL CLASSIFICATION ADDRESS

02/ DEBTOR/ BUSINESS NAME FUEL INDUSTRIES INC  
 03/ TRANSFEREE BUSINESS NAME FUEL INDUSTRIES INC.  
 04/07 ASSIGTOR ADDRESS SUITE 100 7 HINTON AVE N OTTAWA ON K1Y 4P1  
 05 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE  
 06 COLLATERAL CLASSIFICATION ADDRESS  
 07 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 08 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity OR Maturity DATE  
 09 YEAR MAKE MODEL V.I.N.  
 10 MOTOR  
 11 VEHICLE  
 12 GENERAL  
 13 COLLATERAL  
 14 DESCRIPTION  
 15 REGISTERING AGENT OR  
 16 SECURED PARTY/ ADDRESS STIKEMAN ELLIOTT LLP  
 17 LIEN CLAIMANT 5300 COMMERCE COURT WEST, 199 BAY STREET TORONTO ON M5L 1B9

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL INDUSTRIES INC.  
 FILE CURRENCY : 09JUL 2017

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
724202937	20170119	1535	1616	2968	
721022094	20160928	1036	8077	7545	
719180541	20160802	1449	1590	4055	
708976305	20150813	1720	1862	5348	
705125286	20150414	1625	8077	8646	
703598274	20150212	1155	1862	1373	20170525
703486755	20150206	1344	1590	9435	1124
699475473	20140903	1430	8077	1850	9234
699200451	20140825	1030	8077	1314	1114
698358393	20140725	1437	8077	9216	
695406159	20140422	1019	8077	0634	
663689412	20100813	1450	8077	9737	
868883562	20010108	1449	1530	5985	20051208
	20160302	1434	1530	2725	1456
					1530
					1441
					20101222
					1053
					1529
					8068
					20151204
					1939
					1531
					3782

20 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

**PERSONAL PROPERTY  
SECURITY REGISTRATION  
SYSTEM (ONTARIO)  
ENQUIRY RESULTS**



*A Service Provider under Contract  
with the Ministry of Government  
Services*

---

Prepared for : Stikeman Elliott LLP - Beatrice Lorusso  
Reference :  
Docket : 141895,1001  
Search ID : 652900  
Date Processed : 10 Jul 2017  
Report Type : PPSA Electronic Response  
Search Conducted on : FUEL TECHNOLOGIES INC.  
Search Type : Business Debtor

---

**DISCLAIMER :**

This report has been generated using data provided by the Personal Property Registration System, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

RUN NUMBER : 191  
RUN DATE : 2017/07/10  
ID : 20170710103131.50

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY SEARCH RESPONSE

REPORT : PSSR060  
PAGE : 1

579 THIS SEARCH DOES NOT CONSTITUTE A CERTIFICATE PURSUANT TO SECTIONS 43 AND 44 OF THE PPSA. A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:  
TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.  
FILE CURRENCY : 09JUL 2017

ENQUIRY NUMBER 20170710103131.50 CONTAINS 7 PAGE(S), 3 FAMILY(IES).

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.

STIKEMAN ELLIOTT LLP - BEATRICE LORUSSO  
COMMERCE COURT WEST  
TORONTO ON M5L 1B9

CONTINUED... 2

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.  
 FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER 719180505

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
001	1	1	20160802	1449	1590	4054
					P	PPSA
						5

01 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL TECHNOLOGIES INC.

03 DEBTOR BUSINESS NAME FUEL TECHNOLOGIES INC. ONTARIO CORPORATION NO. 002469353

04 DEBTOR ADDRESS 7 HINTON AVE N., SUITE 100 OTTAWA

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME ON K1Y 4P1

06 DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS CHOU ASSOCIATES MANAGEMENT INC.

08 LIEN CLAIMANT ADDRESS 110 SHEPPARD AVE EAST, SUITE 301, BOX 18 TORONTO ON M2N 6Y8

09 COLLATERAL CLASSIFICATION COLLATERAL CLASSIFICATION

10 CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE AMOUNT DATE OF NO FIXED Maturity OR Maturity Date

11 GOODS X X X X V.I.N.

12 MOTOR YEAR MAKE MODEL

13 VEHICLE ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1

14 GENERAL OWENS WRIGHT LLP (JUSTINE GIANCOLA)

15 COLLATERAL DESCRIPTION REGISTRATION AGENT

16 REGISTRATION AGENT

17 ADDRESS 300 - 20 HOLLY STREET TORONTO ON M4S 3B1



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.

FILE CURRENCY : 09JUL 2017  
 FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
 708325191

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
001	001	001	20150723	1600	1862	3914
					P	PPSA
						3

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL TECHNOLOGIES INC.

04 DEBTOR ADDRESS 7 HINTON AVENUE NORTH, SUITE 100 OTTAWA ONTARIO CORPORATION NO. ON K1Y 4P1

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / ADDRESS ROYAL BANK OF CANADA

08 LIEN CLAIMANT ADDRESS 90 SPARKS STREET, 2ND FLOOR OTTAWA ON K1P 5T6

09 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

YEAR MAKE MODEL V.I.N.

11 MOTOR ADDRESS 1420-99 BANK STREET OTTAWA ON K1P 1H4

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTRATION

17 AGENT

DENTONS CANADA LLP (RD/KME/SK)  
 \*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 4

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 708325191  
 21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED YEARS CORRECT PERIOD  
 22 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 23 DEBTOR/ BUSINESS NAME FUEL TECHNOLOGIES INC.  
 24 TRANSFEROR  
 25 OTHER CHANGE  
 26 REASON/  
 27 DESCRIPTION  
 28

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
 05 TRANSFEREE BUSINESS NAME  
 06  
 04/07 ADDRESS  
 29 ASSIGNOR ROYAL BANK OF CANADA  
 08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE CHOU ASSOCIATES MANAGEMENT INC.  
 09 ADDRESS 110 SHEPPARD AVE. EAST, SUITE 301, TORONTO ON M2N 6Y8  
 COLLATERAL CLASSIFICATION

ONTARIO CORPORATION NO.

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 11 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
 12 YEAR MAKE MODEL V.I.N.  
 13 MOTOR  
 14 VEHICLE  
 15 GENERAL  
 16 COLLATERAL  
 17 DESCRIPTION  
 18 REGISTERING AGENT OR  
 19 SECURED PARTY/ ADDRESS STIKEMAN ELLIOTT LLP  
 20 LIEN CLAIMANT 5300 COMMERCE COURT WEST, 199 BAY STREET TORONTO ON M5L 1B9

582

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.  
 CURRENCY : 09JUL 2017  
 FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
 002 2 20170525 1122 9234 1113  
 RECORD FILE NUMBER 708325191  
 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
 YEARS PERIOD

22  
 23 REFERENCE FIRST GIVEN NAME INITIAL SURNAME  
 24 DEBTOR/ BUSINESS NAME  
 TRANSFEROR

25 OTHER CHANGE  
 26 REASON/  
 27 DESCRIPTION  
 28

02/ DEBTOR/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03/ TRANSFEREE BUSINESS NAME  
 06 ADDRESS  
 04/07

29 ASSIGNOR ADDRESS  
 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS BOX 18  
 09 COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity OR Maturity Date

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE  
 13 GENERAL

14 COLLATERAL  
 15 DESCRIPTION

16 REGISTERING AGENT OR  
 17 SECURED PARTY/ ADDRESS  
 LIEN CLAIMANT

ONTARIO CORPORATION NO.

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.  
 FILE CURRENCY : 09JUL 2017

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN  
 FILE NUMBER

708325344

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER	PERIOD
001	001	001	20150723	1605	1862	3917
					P	PPSA
						2

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR BUSINESS NAME FUEL TECHNOLOGIES INC.

04 ADDRESS 7 HINTON AVENUE NORTH, SUITE 100 OTTAWA ONTARIO CORPORATION NO. ON K1Y 4P1

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR BUSINESS NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 SECURED PARTY / LIEN CLAIMANT ADDRESS CHOU ASSOCIATES MANAGEMENT INC.

08 ADDRESS 110 SHEPPARD AVE. E., SUITE 301, BOX 18 TORONTO ON M2N 6Y8

09 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED

10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

YEAR MAKE MODEL V.I.N.

11 MOTOR ADDRESS 1420-99 BANK STREET OTTAWA ON K1P 1H4

12 VEHICLE DENTONS CANADA LLP (RD/KME/SK)

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTRATION

17 AGENT

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED... 7

TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : FUEL TECHNOLOGIES INC.  
 FUEL CURRENCY : 09JUL 2017  
 INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
719180505	20160802	1449	1590	4054
708325191	20150723	1600	1862	3914
708325344	20150723	1605	1862	3917
				20170525 1122 9234 1113

4 REGISTRATIONS(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL INDUSTRIES INC. AND FUEL TECHNOLOGIES INC., CORPORATIONS WITH A HEAD OFFICE IN THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

Estate/Court File No. 33-2276663  
Estate/Court File No. 33-2276664

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

**AFFIDAVIT OF MICHEL BURNS**  
**(SWORN JULY 28, 2017)**

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen**  
Tel: (416) 863-4402  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicant

**TAB 4**

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

THE HONOURABLE )  
JUSTICE )  
)

●DAY, THE ●  
DAY OF JULY, 2017

Estate/Court File No. 33-2276663

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF  
OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

Estate/Court File No. 33-2276664

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF  
OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Fuel Industries Inc. and Fuel Technologies Inc. (the "**Fuel Companies**") for an Order:

- a. approving the sale transaction (the "**Sale Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between the Fuel Companies and 2587485 Ontario Ltd. (the "**Purchaser**") dated July 28, 2017; and
- b. vesting in the Purchaser the right, title and interest in and to the assets of the Fuel Companies to be sold pursuant to and as described in the Sale Agreement (the "**Purchased Assets**")

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Michel Burns sworn July 31, 2017 and the Exhibits thereto and the Report of Richter Advisory Group Inc. dated July 28, 2017 in its capacity as Proposal



Trustee of the Applicants (the “**First Report**”) and on hearing the submissions of counsel for the Fuel Companies, counsel for the Proposal Trustee and counsel for the Purchaser, no one appearing for any other party although duly served as appears from the affidavits of service of ● sworn ●, filed:

1. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meaning given to them in the Sale Agreement.

#### **SERVICE**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record herein and the First Report is hereby abridged and validated so that this motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.

#### **APPROVAL**

3. **THIS COURT ORDERS AND DECLARES** that the Sale Transaction is hereby approved, and the execution of the Sale Agreement by the Fuel Companies is hereby authorized and approved *nunc pro tunc*, with such minor amendments as the Fuel Companies and the Purchaser, with the approval of the Proposal Trustee, may deem necessary. The Fuel Companies and the Proposal Trustee 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 Sale Transaction and for the conveyance of the Purchased Assets to the Purchaser.

#### **VESTING**

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a certificate by the Proposal Trustee to the Purchaser substantially in the form attached as **Schedule “A”** hereto (the “**Proposal Trustee’s Certificate**”), all of the Fuel Companies’ right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any

and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including, without limiting the generality of the foregoing: (i) any encumbrances or charges that may be granted by this Court in these proceedings [save and except the DIP Charge as defined in the July 31, 2017 order], and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “B”**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that any amounts the Fuel Companies may be entitled to receive for eligible Ontario labour, marketing and distribution expenditures relating to the development of interactive digital media products, including the Ontario Interactive Digital Media Tax Credit (the “**OIDMTC**”) from and after the making of this Order shall be received or collected by the Fuel Companies, the Proposal Trustee or future trustee in bankruptcy on behalf of the Purchaser and shall be transferred to the Purchaser forthwith upon receipt.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the applicable Purchased Assets with the same priority as they had with respect to the applicable Purchased Assets immediately prior to the sale, as if the applicable Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Fuel Companies and the Proposal Trustee are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Fuel Companies' records pertaining to the Fuel Companies' past and current employees, including personal information of those employees to be hired by the Purchaser pursuant to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Fuel Companies.

9. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of the Fuel Companies and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of either of the Fuel Companies;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Fuel Companies and shall not be void or voidable by creditors of the Fuel Companies, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act (Canada)* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS** that the Fuel Companies are authorized, following the completion of the Sale Transaction, to execute, deliver and file any document, including without limitation, any articles of reorganization, required in order to effect a change of their corporate name, and this Court waives any third party requirement or required consent pursuant to any Canadian federal or provincial legislation relating to same.

11. **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 Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee 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.

13. **THIS COURT ORDERS** that the Confidential Appendix 1 to the Proposal Trustee's Report be kept confidential and under seal until the earlier of: (i) Closing (as defined in the Sale Agreement); or (ii) further Order of this Honourable Court.

---

**Schedule A – Proposal Trustee’s Certificate**

Estate/Court File No. 33-2276663

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

Estate/Court File No. 33-2276664

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**PROPOSAL TRUSTEE’S CERTIFICATE**

**RECITALS**

A. On July 26, 2017 each of Fuel Industries Inc. and Fuel Technologies Inc. (together, the “**Fuel Companies**”) filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended. Richter Advisory Group Inc. was appointed as the Fuel Companies’ proposal trustee (the “**Proposal Trustee**”).

B. Pursuant to an Order of the Court dated July ●, 2017 (the “**Approval and Vesting Order**”), the Court approved the agreement of purchase and sale made as of July 28 , 2017 (as may be amended, restated or modified from time to time, the “**Sale Agreement**”) between the Fuel Companies and 2587485 Ontario Ltd. (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Fuel Companies’ right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) that the conditions to Closing as set out in section 6 of the Sale Agreement have been satisfied or waived by the Fuel Companies and the Purchaser (as applicable); and (ii) the Sale Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The conditions to Closing as set out in section 6 of the Sale Agreement have been satisfied or waived by the Fuel Companies and/or the Purchaser, as applicable; and
3. The Sale Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at \_\_\_\_\_ on \_\_\_\_\_ .

**Richter Advisory Group Inc., in its capacity as  
Proposal Trustee of Fuel Industries Inc. and Fuel  
Technologies Inc., and not in its personal  
capacity**

Per: \_\_\_\_\_

Name:

Title:

**Schedule B- Permitted Encumbrances**

**55** IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL INDUSTRIES  
**55** INC. AND FUEL TECHNOLOGIES INC., CORPORATIONS WITH A HEAD OFFICE IN THE CITY OF  
**55** OTTAWA IN THE PROVINCE OF ONTARIO

Estate/Court File No. 33-2276663  
Estate/Court File No. 33-2276664

---

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

---

**APPROVAL AND VESTING ORDER**

---

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen-LSUC # 56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicant



**TAB 5**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE	)	●DAY, THE ●
JUSTICE	)	DAY OF JULY, 2017
	)	

Estate/Court File No. 33-2276663

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
INDUSTRIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF  
OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

Estate/Court File No. 33-2276664

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
TECHNOLOGIES INC., A CORPORATION WITH A HEAD OFFICE IN THE CITY OF  
OTTAWA IN THE PROVINCE OF ONTARIO**

**Applicant**

**ADMINISTRATION ORDER**

**THIS MOTION**, made by Fuel Industries Inc. and Fuel Technologies Inc. (the “**Fuel Companies**”) for an Order approving the administrative consolidation of the Fuel Companies’ Proposal Proceedings (as hereinafter defined), approving the Debtor-in-Possession Term Sheet (the “**DIP Term Sheet**”) between the Fuel Companies and Chou Associates Management Inc. (the “**DIP Lender**”), implementing the interim financing facility (the “**DIP Facility**”) in the principal amount of \$350,000, and granting a super-priority charge against the Fuel Companies’ Property, as defined herein, in favour of the DIP Lender (the “**DIP Charge**”) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Michel Burns, sworn July 31, 2017 and the Exhibits thereto (the “**Burns**” Affidavit”) and the Report of Richter Advisory Group Inc. dated July 28, 2017 in its capacity as Proposal Trustee of the Applicants (the “**First Report**”) and on hearing the submissions of counsel for the Fuel Companies, counsel for the Proposal Trustee, counsel

sheet attached as Exhibit "LL" to the Burns Affidavit (the "**DIP Term Sheet**"), provided that the borrowings under the DIP Facility shall not exceed the amount specified in the DIP Term Sheet, unless permitted by further Order of this Court.

5. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet.

6. **THIS COURT ORDERS** that the Fuel Companies are authorized and empowered to execute and deliver such mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as may be reasonably required by the DIP Lender, and the Fuel Companies are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

#### **DIP CHARGE**

7. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**"), [which shall not exceed an aggregate amount of \$350,000 on the Fuel Companies' current and future properties, assets and undertakings of every nature and kind whatsoever and wherever situated, including all proceeds thereof, (collectively, the "**Property**"). The DIP Charge shall not secure an obligation that exists before this Order is made.

8. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Charge shall not be required, and that the DIP Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

9. **THIS COURT ORDERS** that the DIP Charge shall constitute a charge on all the Property and shall rank in priority to all other security interests, trusts, deemed trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any individual, firm, corporation, governmental body or agency or any other entities (all of the foregoing, collectively “**Persons**” and each being a “**Person**”).

10. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein or as may be approved by this Court, the Fuel Companies shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, the DIP Charge, unless the Fuel Companies also obtain the prior written consent of the Proposal Trustee, the DIP Lender, or through further Order of this Court.

11. **THIS COURT ORDERS** that the DIP Charge, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), or any bankruptcy order made pursuant to such applications; (iii) the filing or deemed filing of any assignment for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) 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 Fuel Companies, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the DIP Charge nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet, or the Definitive Documents shall create or be deemed to constitute a breach by the Fuel Companies of any Agreement to which they are a party;
- (b) the DIP Lender shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Fuel Companies

for the DIP Lender and counsel for 2587485 Ontario Ltd., no one appearing for any other party although duly served as appears from the affidavits of service of ● sworn ●, filed:

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record herein and the First Report is hereby abridged and validated so that this motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.

### **ADMINISTRATIVE CONSOLIDATION**

2. **THIS COURT ORDERS** that the proposal proceedings of Fuel Industries (Estate Number 33-2276663) and Fuel Technologies Inc. (Estate Number 33-2276664) (collectively, the “**Proposal Proceedings**”) are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings, *nunc pro tunc*:

Estate/Court File No. 33-2276663  
Estate/Court File No.33-2276664

### **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL INDUSTRIES INC. AND FUEL TECHNOLOGIES INC., CORPORATIONS WITH A HEAD OFFICE IN THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

3. **THIS COURT ORDERS** that all materials filed in these proceedings should reference only one of the Court File numbers in paragraph 2, above.

### **DIP FINANCING**

4. **THIS COURT ORDERS** that the Fuel Companies are hereby authorized and empowered to obtain and borrow under one or more credit facilities (collectively, the “**DIP Facility**”) granted by the DIP Lender to be used for the purposes described in the DIP term

entering into the DIP Term Sheet, the creation of the DIP Charge, or the execution, delivery or performance of the Definitive Documents; and

- (c) the payments made by the Fuel Companies pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the DIP Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

12. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order or the BIA (including sections 69 and 69.1):

- (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 Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet or the Definitive Documents, the DIP Lender, upon three (3) business days' notice to the Fuel Companies and to the Proposal Trustee, may exercise any and all of its rights and remedies against the Fuel Companies or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents and the DIP Charge, including, without limitation, to cease making advances to the Fuel Companies and set off and/or consolidate any amounts owing by the DIP Lender to the Fuel Companies against the obligations of the Fuel Companies to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP 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 Fuel Companies and for the appointment of a trustee in bankruptcy of the Fuel Companies; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Fuel Companies or the Property.

13. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Fuel Companies under the BIA with respect to any advances made pursuant to the DIP Term Sheet or the Definitive Documents.

14. **THIS COURT ORDERS** that: (a) pending expiry of the time for filing a notice of appeal or application for leave to appeal in respect of this Order and the disposition of any motions to review, rescind or vary this Order, applications for leave to appeal or appeals from this Order (collectively, "**Challenges**"), the Fuel Companies are authorized to borrow funds under the DIP Facility in accordance with the DIP Term Sheet; (b) irrespective of the disposition of any Challenges, the DIP Lender shall have the benefit of the DIP Charge and all other provisions of this Order in respect of all amounts so advanced; and (c ) this Order is subject to provisional execution to the extent necessary to give effect to the foregoing.

---

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL INDUSTRIES  
INC. AND FUEL TECHNOLOGIES INC., CORPORATIONS WITH A HEAD OFFICE IN THE CITY OF  
OTTAWA IN THE PROVINCE OF ONTARIO

Estate/Court File No. 33-2276663  
Estate/Court File No. 33-2276664

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceeding commenced at Toronto

**ADMINISTRATION ORDER**

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen-LSUC # 56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicants



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FUEL  
INDUSTRIES INC. AND FUEL TECHNOLOGIES INC., CORPORATIONS WITH A HEAD  
OFFICE IN THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

Estate/Court File No. 33-2276663  
Estate/Court File No. 33-2276664

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

**MOTION RECORD**  
**(Re Approval of Sale Transaction et al)**

**DENTONS CANADA LLP**  
Barristers & Solicitors  
77 King Street West #400  
Toronto, ON M5K 0A1

**Sara-Ann Van Allen- LSUC # 56016C**  
Tel: (416) 863-4402  
Fax: (416) 863 4592  
E-mail: [sara.vanallen@dentons.com](mailto:sara.vanallen@dentons.com)

Lawyers for the Applicants