

SUBORDINATION AND POSTPONEMENT AGREEMENT

This Agreement made as of the 13th day of December 2017, between **THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH** (the “**Creditor**”), **ONTARIO INFRASTRUCTURE AND LANDS CORPORATION** (“**Infrastructure Ontario**”) and **WELLINGTON NORTH POWER INC.** (the “**Debtor**”).

RECITALS

WHEREAS the Debtor is and may hereafter become indebted to the Creditor and in connection therewith has granted to the Creditor an unsecured promissory note in the amount of \$985,015.00 in favour of the Creditor (which promissory note and any other security in favour of the Creditor now or hereafter created and as it exists from time to time is hereinafter collectively called the “**Creditor Security**”);

AND WHEREAS the Debtor is or may become indebted to Infrastructure Ontario pursuant to a Financing Agreement dated September 29, 2017, and in connection therewith has granted or will grant to Infrastructure Ontario security in favour of Infrastructure Ontario, including, without limitation, a general security agreement in respect of which a financing statement has been or will be registered under the *Personal Property Security Act, 1990* (Ontario) (which general security agreement and any other security in favour of Infrastructure Ontario now or hereafter created and as it exists from time to time is hereinafter collectively called the “**Infrastructure Ontario Security**”);

AND WHEREAS the parties hereto have agreed upon certain priorities as hereinafter described;

AND WHEREAS the Debtor has agreed that it will maintain and deal with its assets in accordance with the provisions hereof;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual terms and conditions herein contained, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties hereto agree as follows:


1. The Creditor hereby consents to the Infrastructure Ontario Security and postpones and subordinates the Creditor Security in all respects to and in favour of the Infrastructure Ontario Security, and acknowledges that the Infrastructure Ontario Security ranks and will continue to rank in priority to the Creditor Security in respect of all of the property and assets of the Debtor covered by the Infrastructure Ontario Security.
2. The Creditor, Infrastructure Ontario, and the Debtor hereby agree that so long as the Borrower remains indebted to Infrastructure Ontario, the Debtor shall not make any payments owing to the Creditor under any debts owing by the Debtor to the Creditor.
3. The priorities herein expressed will have effect regardless of (i) the respective dates or order of perfection or attachment of the Infrastructure Ontario Security or the Creditor Security, (ii) the order of crystallization of any floating charge contained in the Creditor


Security, (iii) the order of registration of any security documents by Infrastructure Ontario or the Creditor, or (iv) any actual knowledge by Infrastructure Ontario, when any Infrastructure Ontario Security is executed and delivered or registered, of any existing Creditor Security or registration thereof.

4. The Debtor hereby confirms to and agrees with Infrastructure Ontario and the Creditor that so long as the Debtor remains indebted to Infrastructure Ontario and the Creditor, it will stand possessed of its assets so charged for Infrastructure Ontario and the Creditor in accordance with their respective interests and priorities as herein set forth.
5. Nothing contained in this Agreement shall in any way prejudice or diminish or otherwise affect the respective rights of Infrastructure Ontario and the Creditor against the Debtor or prejudice, diminish or otherwise affect in any manner whatsoever the respective rights of Infrastructure Ontario and the Creditor against third parties, nor shall any third party be entitled to, or to claim the benefit of, this Agreement or of any subordination or priority provided for herein, and nothing herein shall be construed as conferring any rights upon any person not a party to this Agreement.
6. Each of Infrastructure Ontario, the Creditor and the Debtor will do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the intent of this Agreement; provided, however, that no consent of the Debtor shall be necessary to any amendment of the terms hereof by Infrastructure Ontario and the Creditor unless the interests of the Debtor are directly affected thereby.
7. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, provided that neither Infrastructure Ontario nor the Creditor will assign or transfer any or all of the security held or to be held by it or any of its rights thereunder relating to the undertaking and assets of the Debtor unless and until the proposed assignee or transferee shall have delivered to the other parties hereto a written agreement to be bound by the provisions hereof to the same extent as the assignor.
8. This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario.

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

**CREDITOR:
THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**

By: 
Name: Michael Givens
Title: Chief Administrative Officer

By: 
Name: Karren Wallace
Title: Director of Legislative Service/Clerk

I/We have the authority to bind the Corporation.


ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

By: _____
Name: George Skariah
Title: Senior Vice-President, Finance and Risk

By: _____
Name: John Peters
Title: Vice President, Credit Risk

I/We have the authority to bind the Corporation.

**DEBTOR:
WELLINGTON NORTH POWER INC.**

By: 
Name: Andrew Lennox
Title: Board Chair

By: 
Name: Richard Bucknall
Title: Chief Administrative Officer

I/We have the authority to bind the Corporation.