

EXHIBIT 5 – COST OF CAPITAL
2027 Cost of Service

Rideau St-Lawrence Distribution Inc.
EB-20264-0069

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5.1 CAPITAL STRUCTURE

In this Exhibit, RSL outlines its capital structure, debt financing, and the calculation of its return on equity (ROE) for the 2027 Test Year. The utility seeks to recover a weighted average cost of capital of 5.93% through rates in the 2027 Test Year, adhering to the appropriate policies for determining the cost of capital.

Key Components of Cost of Capital Calculation:

Capital Structure:

RSL has applied the OEB's deemed capital structure, consisting of 56% long-term debt, 4% short-term debt, and 40% equity.

Return on Equity (ROE):

RSL has applied the most recently published ROE of 9.11% in accordance with the OEB's Cost of Capital Parameters for 2027 cost of service applications.

Commitment to Update:

RSL acknowledges that the OEB may update the deemed ROE, long-term debt, and short-term debt rates for 2027 rate applications. RSL will update this application to reflect any revised parameters issued by the OEB prior to the final decision.

Use of Actual Debt Costs:

While RSL applies the OEB's deemed capital structure for ratemaking purposes, the utility has used its weighted average actual cost of long-term and short-term debt in calculating the cost of capital. The resulting cost of debt is lower than the OEB's deemed long-term debt rate of 3.88% and is therefore consistent with OEB policy, which permits the use of actual debt costs where they are lower than deemed rates. The use of actual debt costs results in a lower overall cost of capital and is therefore beneficial to ratepayers.

Debt Instruments:

RSL maintains certain legacy and operational debt instruments, including shareholder promissory notes and a line of credit, which are disclosed in Appendix 2-OB for transparency and continuity. The long-term debt component reflects a combination of actual debt instruments and notional debt required to align with the OEB's deemed capital structure.

Transaction / issuance Costs:

RSL has not incurred any material transaction or issuance costs associated with its debt instruments; therefore, no adjustments have been made to the cost of debt.

Return on Equity – Use of Funds:

RSL confirms that it is a for-profit corporation. Revenues derived from the return on equity components of the cost of capital are used to support ongoing distribution operations. RSL does not propose to establish or fund any reserve accounts from ROE in the 2027 Test Year.

Profit/loss on redemption of debt

RSL has not incurred any gains or losses on the redemption of debt.

Financial Forecast:

RSL's forecasted cost of capital and return on rate base for the 2027 Test Year are presented in Table 1. For comparison, Table 2 shows the previously approved capital structure.

Treatment of Notional Debt

Notional debt is included as required to align with the OEB's deemed capital structure.

Tables 1 and 2 (Appendix 2-OA) present RSL’s capital structure and cost of capital for the 2022 Board-approved and 2027 Test Year, respectively. These tables summarize the rate base, capital structure, and applicable cost rates used to calculate the return on rate base. The 2027 Test Year incorporates the OEB’s deemed capital structure and current cost of capital parameters, while the 2022 values reflect those previously approved by the OEB.

Table 1 – 2027 Capital Structure and Statement of Rate Base (Appendix 2-OA)

Particulars	Cap Ratio %	Cap Ratio \$	Cost Rate %	Return \$
Debt	(%)	(\$)	(%)	(\$)
Long-term Debt (Notional)	15.03%	\$2,337,062	3.88%	\$90,678
Long-term Debt (Actual)	40.97%	\$6,368,518	3.88%	\$247,097
Short-term Debt	4.00%	\$621,827	2.72%	\$16,914
Total Debt	60.00%	\$9,327,407	3.80%	\$354,688
Equity				
Common Equity	40.00%	\$6,218,271	9.11%	\$566,485
Preferred Shares		\$0		\$0
Total Equity	40.00%	\$6,218,271	9.11%	\$566,485
Total	100.00%	\$15,545,678	5.93%	\$921,173

Table 2 – 2022 Capital Structure and Statement of Rate Base (Appendix 2-OA)

Particulars	Capitalization Ratio	Cost Rate	Return
	(%)	(\$)	(%)
Debt			
Long-term Debt	56.00%	\$4,413,291	3.69
Short-term Debt	4.00%	\$315,235	1.17
Total Debt	60.00%	\$4,728,526	\$166,335
Equity			
Common Equity	40.00%	\$3,152,351	8.66
Preferred Shares	0.00%	\$ -	0
Total Equity	40.00%	\$3,152,351	\$272,994
Total	100.00%	\$7,880,877	5.57

5.2. RETURN ON EQUITY

The calculation of the return on equity is presented in Table 1. This section provides context on RSL’s historical achieved ROE and its proposed ROE for the 2027 Test Year.

5.2.1 Return on Equity

RSL has applied the OEB’s most recently published deemed ROE of 9.11% for the 2027 Test Year and is not proposing any changes to this parameter.

Table 3 below presents RSL’s historical achieved ROE for the period 2022 to 2025, compared to the 2022 Board-approved ROE of 8.66% applicable during that period.

RSL’s achieved ROE has fluctuated and has remained below the Board-approved level and outside of the OEB’s ±300 basis point deadband. This variability is inherent to small utility operations. A limited customer base combined with a largely fixed cost structure means that even minor fluctuations in revenue or expenses can materially affect net income and achieve ROE.

A significant portion of RSL’s costs including contractual services, rent, and payroll, are fixed in nature and do not vary with short-term changes in load or revenue. As a result, reductions in revenue or modest increases in costs can materially affect earnings and lead to volatility in achieved ROE.

RSL monitors its financial performance through its annual budgeting process and considers the Board-approved ROE and associated deadband in its planning. While actual results may vary year over year, RSL’s proposed ROE remains aligned with OEB policy.

RSL does not propose to establish or fund any reserve accounts from ROE, nor are these funds used for non-distribution activities.

Table 3 – Historical Return on Equity Achieved

	2022	2023	2024	2025
2022 Board Approved	8.66%	8.66%	8.66%	8.66%
Actual Achieved	0.80%	4.88%	5.48%	2.28%
				Prelim

5.2.3 Long-Term, Short-Term Debt

RSL's debt instruments originate from historical capitalization and prior capital investments. The utility has provided continuity with prior filings by presenting the status of previously reported instruments and their treatment in the Bridge and Test Years.

Debt instruments reported in RSL's 2022 filings do not all remain outstanding in the 2027 Test Year. As described below, certain prior-year instruments have been repaid or consolidated, resulting in a simplified debt structure in the Test Year.

Summary of 2027 Debt Instruments

RSL's 2027 debt portfolio consists of affiliate debt that is directly passed through RSL affiliate. RSL also has two promissory notes from its shareholders. No short-term debt is outstanding. These balances form the basis of the utility's weighted average cost of debt, as reflected in Table 1.

Long-Term Debt

RSL's long-term debt in the 2027 Test Year consists of two affiliated promissory notes: \$225,000 with the Township of Edwardsburgh/Cardinal and \$938,352 with the Township of South Dundas. Each lender holds less than a 50% ownership interest in RSL and does not exercise control or significant influence over the utility. Accordingly, these obligations are considered non-sundered to be with non controlling lenders.

Both instruments are callable on demand and bear a contractual interest rate of 3.72%. While the lenders are shareholders, the terms and conditions of the notes are consistent with those that could reasonably be obtained in the market for similar financing arrangements, and there are no provisions that would suggest the instruments are equity in substance.

Consistent with OEB policy, these balances have been assigned the deemed long-term debt rate of 4.73% for cost of capital purposes, rather than contractual rate. This approach ensures that the revenue requirement reflects the OEB's standardized cost of capital parameters.

Additionally, RSL has affiliated loans that have been directly passed through from the parent company originating from the banks. These loans total to \$4.7M in 2026 and have varying terms and can be found listed in Table 5. RSL anticipates consolidating these loans into one larger consolidated debt for 2027.

No other long-term debt is outstanding in the Test Year. The weighted average cost of long-term debt reflects these balances and the applicable deemed rate, as presented in Table 1.

Short-Term Debt

No short-term debt is forecast in the Test Year. Accordingly, the deemed short-term debt rate, as established under the OEB's cost of capital parameters, has been applied.

Excluded Instruments

RSL has not excluded any debt instruments from the cost of capital calculation.

Weighted Average Cost of Debt

The weighted average cost of debt has been calculated based on the principal balances and applicable deemed rates described above. This results in a weighted average cost of debt of 3.88%, as reflected in Table 1.

Debt management strategy

RSL does not forecast the issuance of new external debt. The 2027 debt structure reflects the consolidation of multiple 2026 debt instruments into affiliated financing arrangements, resulting in a simplified portfolio comprised of the two promissory notes described above. This represents a continuation of existing financing practices rather than new borrowing.

Appendix 2-OB is presented below

Table 4 – Appendix 2-OB (2027 Debt Instruments)

DEBT INSTRUMENTS									
Description for 2027	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%)	Interest (\$)	Additional Comments, if any
Promissory Note	Township of Edwardsburgh/Cardinal	Third-Party	Fixed Rate	01-Aug-01	Demand	\$225,000.00	4.73%	\$10,642.50	4.73%
								\$0.00	
								\$0.00	
Promissory Note	Township of South Dundas	Third-Party	Fixed Rate	01-Aug-01	Demand	\$938,352.00	4.73%	\$44,384.05	4.73%
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	20-Jan-23	4			\$0.00	\$4.93% is rate charged by TD/ 1 month
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	13-Mar-24	3			\$0.00	\$5.12% is rate charged by TD/ 3months
Line of Credit	Parent Company/TD Bank			20-Jan-23				\$0.00	
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	13-Mar-26	3	\$5,205,166.00	3.69%	\$192,070.63	
TOTAL						\$6,368,518.00	3.88%	\$247,097.18	

Table 5 – Appendix 2-OB (2026 Debt Instruments)

DEBT INSTRUMENTS									
Description for 2026	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%)	Interest (\$)	Additional Comments, if any
Promissory Note	Township of Edwardsburgh/Cardinal	Third-Party	Fixed Rate	01-Aug-01	Demand	\$225,000.00	3.72%	\$8,370.00	
Promissory Note	Township of South Dundas	Third-Party	Fixed Rate	01-Aug-01	Demand	\$938,352.00	3.72%	\$34,906.72	
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	20-Jan-23	4	\$2,239,944.00	4.93%	\$110,472.00	\$4.93% is rate charged by TD
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	13-Mar-24	3	\$524,680.00	5.12%	\$26,862.54	\$5.12% is rate charged by TD
Line of Credit	Parent Company/TD Bank		Variable Rate	20-Jan-23			4.45%	\$8,000.00	
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	16-Dec-25	1	\$731,380.00	3.69%	\$27,361.00	\$3.94% is rate charged by TD
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	13-Mar-26	1	\$1,242,333.73	3.69%	\$59,026.98	
						\$5,901,689.73	4.66%	\$274,999.24	

Table 6 – Appendix 2-OB (2025 Debt Instruments)

DEBT INSTRUMENTS									
Description for 2025	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%)	Interest (\$)	Additional Comments, if any
Promissory Note	Township of Edwardsburgh/Cardinal	Third-Party	Fixed Rate	01-Aug-01	Demand	\$225,000.00	3.72%	\$8,370.00	
Promissory Note	Township of South Dundas	Third-Party	Fixed Rate	01-Aug-01	Demand	\$938,352.00	3.72%	\$34,906.72	
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	20-Jan-23	4	\$2,279,431.00	4.93%	\$112,374.00	\$4.93% is rate charged by TD
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	13-Mar-24	3	\$530,216.04	5.12%	\$27,471.67	\$5.12% is rate charged by TD
Line of Credit	Parent Company/TD Bank		Variable Rate	20-Jan-23		\$1,500,000.00		\$8,000.00	
TOTAL						\$5,472,999.04	3.49%	\$191,122.39	

Table 7 – Appendix 2-OB (2024 Debt Instruments)

DEBT INSTRUMENTS									
Description for 2024	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%)	Interest (\$)	Additional Comments, if any
Promissory Note	Township of Edwardsburgh/Cardinal	Third-Party	Fixed Rate	01-Aug-01	Demand	\$225,000.00	3.72%	\$8,370.00	
Promissory Note	Township of South Dundas	Third-Party	Fixed Rate	01-Aug-01	Demand	\$938,352.00	3.72%	\$34,906.72	
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	20-Jan-23	4	\$2,298,263.10	4.93%	\$114,613.82	\$4.93% is rate charged by TD
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	13-Mar-24	3	\$541,793.45	5.12%	\$21,080.26	\$5.12% is rate charged by TD
Line of Credit	Parent Company/TD Bank		Variable Rate	20-Jan-23		\$1,500,000.00			
TOTAL						\$5,503,408.55	3.25%	\$178,970.80	

Table 8 – Appendix 2-OB (2023 Debt Instruments)

DEBT INSTRUMENTS									
Description for 2023	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%)	Interest (\$)	Additional Comments, if any
Promissory Note	Township of Edwardsburgh/Cardinal	Third-Party	Fixed Rate	01-Aug-01	Demand	\$225,000.00	3.72%	\$8,370.00	
Promissory Note	Township of South Dundas	Third-Party	Fixed Rate	01-Aug-01	Demand	\$938,352.00	3.72%	\$34,906.72	
Posi Digger Truck	Bank of Montreal	Third-Party	Variable Rate	15-Jun-17	10		3.95%	\$646.60	replaced with TD Jan 20/23
Line of Credit	Bank of Montreal	Third-Party	Variable Rate	01-Jan-22	Demand		3.45%	\$985.00	replaced with TD Jan 20/23
LTD	Parent Company/TD Bank	Affiliated	Fixed Rate	20-Jan-23	4	\$2,334,626.12	4.93%	\$107,281.61	\$4.93% is rate charged by TD
Line of Credit	Parent Company/TD Bank			20-Jan-23					
TOTAL						\$3,497,978.12	4.35%	\$152,189.93	

Table 9 – Appendix 2-OB (2022 Debt Instruments)

DEBT INSTRUMENTS									
Description for 2022	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%)	Interest (\$)	Additional Comments, if any
Promissory Note	Township of Edwardsburgh/Cardinal	Third-Party	Fixed Rate	01-Aug-01	Demand	\$225,000.00	3.72%	\$8,370.00	
Promissory Note	Township of South Dundas	Third-Party	Fixed Rate	01-Aug-01	Demand	\$938,352.00	3.72%	\$34,906.72	
Posi Digger Truck	Bank of Montreal	Third-Party	Variable Rate	15-Jun-17	10	\$203,631.00	3.95%	\$7,562.81	
Line of Credit	Bank of Montreal	Third-Party	Variable Rate	01-Jan-22	Demand	\$400,000.00	3.45%	\$33,646.55	
TOTAL						\$1,766,983.00	4.78%	\$84,486.08	

Appendix 5.1 – Promissory Notes

PROMISSORY NOTE

\$938,352.00

Date: October 31, 2000

For value received, the undersigned promises to pay on demand to the order of The Corporation of the Township of South Dundas, at its head office, the sum of Nine Hundred and Thirty-eight Thousand, Three Hundred and Fifty-two (\$938,352.00) Dollars.

This sum shall not bear interest from the date of the note to the earlier of the date of market opening or such time as the Directors shall decide.

Thereafter, interest is to be calculated with interest at a rate per annum as determined by the Directors from time to time, such amount not to exceed 7.25% per annum, or as negotiated annually. Interest shall be payable in the discretion of the Directors of the undersigned, taking into consideration the ability to pay of the undersigned (determined by the market value based rate of return phase in strategy, level of working capital or other reserves and the tax efficiency to shareholders of interest payments as opposed to dividend payments).

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

Per: 

I have authority to bind the Corporation.

PROMISSORY NOTE

\$225,000.00

Date: July 15, 2001

For value received, the undersigned promises to pay on demand to the order of The Corporation of the Village of Cardinal, at its head office, the sum of Two Hundred and Twenty-five Thousand (\$225,000.00) Dollars.

This sum shall not bear interest from the date of the note to the earlier of the date of market opening or such time as the Directors shall decide.

Thereafter, interest is to be calculated with interest at a rate per annum as determined by the Directors from time to time, such amount not to exceed 7.25% per annum, or as negotiated annually. Interest shall be payable in the discretion of the Directors of the undersigned, taking into consideration the ability to pay of the undersigned (determined by the market value based rate of return phase in strategy, level of working capital or other reserves and the tax efficiency to shareholders of interest payments as opposed to dividend payments).

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

Per:  _____

I have authority to bind the Corporation



KINGSTON COMMERCIAL BANKING CENTRE
94 PRINCESS ST 3RD FLOOR
KINGSTON, ON
K7L1A5

Tel: (613) 544-8752
Fax: (613) 544-8539

November 24, 2022

RIDEAU ST. LAWRENCE HOLDINGS INC.
PO BOX 699
985 INDUSTRIAL RD
PRESCOTT ON
K0E 1T0

Attention:

Dear Malcolm McCallum

LETTER OF AGREEMENT

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions.

BORROWER(S):

RIDEAU ST. LAWRENCE HOLDINGS INC.

(the 'Borrower')

LENDER

The Toronto-Dominion Bank (the "Bank"), through its KINGSTON COMMERCIAL BANKING CENTRE in KINGSTON, ON

CREDIT LIMIT

- 1) CAD \$1,500,000
- 2) CAD \$3,250,000
- 3) CAD \$681,809

TYPE OF CREDIT AND BORROWING OPTIONS

- 1) Operating Loan available at the Borrower's option by way of:
Letters of Credit in CAD\$ ('L/Cs')
Prime Rate Based Loans in CAD\$ ('Prime Based Loans')
- 2) Committed Revolving Term Facility (Multi Draw) available at the Borrower's option by way of:
Fixed Rate Term Loan in CAD\$
Floating Rate Term Loan available by way of Prime Rate Based Loans in CAD\$
- 3) Stand Alone Letter of Credit/Letter of Guarantee (Domestic Stand-Alone):
Stand-by Letters of Credit in CAD\$ ('L/Cs')

PURPOSE

- 1) To fund ongoing working capital requirements of the Borrower.
- 2) Repay existing bank debt and provide long-term financing on the assets of the Borrower.
- 3) Letter of Credit to be issued to IESO

TENOR

- 1) Uncommitted
- 2) Committed
- 3) Uncommitted

CONTRACTUAL TERM

- 1) No Term
- 2) Up to 10 years
- 3) No Term

RATE TERM (FIXED RATE TERM LOAN)

- 2) Up to 10 years

AMORTIZATION

- 2) Up to 30 years from Drawdown Date

INTEREST RATES AND FEES

Advances shall bear interest and fees as follows:

- 1) Operating Loan:
L/Cs: As advised by the Bank at the time of issuance of the L/C
Prime Based Loans: Prime Rate +0.000% per annum
- 2) Committed Revolving Term Facility:
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.
Floating Rate Term Loans available by way of:
Prime Based Loans: Prime Rate +0.000% per annum
- 3) Stand Alone Letter of Credit/Letter of Guarantee (Domestic Stand-Alone):
L/Cs: As advised by the Bank at the time of issuance of the L/C

For all Facilities, interest payments will be made in accordance with Schedule 'A' attached hereto unless otherwise stated in this Letter or in the Rate and Payment Terms Notice applicable for a particular drawdown. Information on interest rate and fee definitions, interest rate calculations and payment are set out in the Schedule 'A' attached hereto.

ARRANGEMENT FEE

The Borrower has paid or will pay prior to the Drawdown a non-refundable arrangement fee of CAD \$2,000

ADMINISTRATION FEE

- 1) CAD \$100 Monthly

RENEWAL FEE

CAD \$1,000 Annually

EXCESS MONITORING FEE

The Borrower may, at the Bank's discretion, be charged an Excess Monitoring Fee of \$350.00 payable in the currency of the Facility, each time that the Credit Limit of a Facility is exceeded. Any extension of credit above the Credit Limit will be at the Bank's sole and absolute discretion.

DRAWDOWN

- 1) On a Revolving Basis.
- 2) Multiple draws permitted. Each drawdown will be repaid on or before the contractual Term Maturity Date. The details of such repayment and interest rate applicable to such drawdown will be set out in the Rate and Payment Terms Notice applicable to that drawdown.

Revolving term is uncommitted until drawn. Term and amortization to be determined at funding.

Drawdown will be subject to financial compliance on a pre and post drawdown basis.

- 3) Maximum tenure is 12 months.

REPAYMENT AND REDUCTION OF AMOUNT OF CREDIT FACILITY

- 1) On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Facility, including without limitation, as applicable, the amount of all unmatured B/As and the amount of all drawn and undrawn L/Gs and L/Cs. All costs to the Bank and all loss suffered by the Bank in re-employing the amounts so repaid will be paid by the Borrower.
- 2)
 - 1) Fixed Rate Option: Blended monthly payments of principal and interest. Standard prepayment penalties apply per schedule A.
 - 2) Variable Rate Option: Interest payable monthly. The original principal amount shall be paid in equal monthly principal installments plus interest. Prepayment permitted without penalty.
- 3) Letter of Credit to be reduced or cancelled upon written notification from the beneficiary.

PREPAYMENT

- 2) Floating Rate Term Loan: Prepayment permitted without penalty.
Fixed Rate Term Loan: Standard prepayment penalties apply per schedule A.

SECURITY

The following security shall be provided, shall, unless otherwise indicated, support all present and future indebtedness and liability of the Borrower and the grantor of the security to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management products, and derivative contracts, shall be registered in first position, and shall be on the Bank's standard form, supported by resolutions and solicitor's opinion, all acceptable to the Bank:

- a) General Security Agreement ('GSA') from the Borrower representing a First charge on all its present and after acquired personal property.
- b) Evidence of General Liability insurance in the name of the Borrower.
- c) Unlimited Guarantee of Advances executed by RIDEAU ST. LAWRENCE SERVICES INC. in favour of the Borrower supported by:
- d) General Security Agreement ('GSA') from RIDEAU ST. LAWRENCE SERVICES INC. representing a First charge on all its present and after acquired personal property.
- e) Unlimited Guarantee of Advances executed by RIDEAU ST. LAWRENCE UTILITIES INC. in favour of the Borrower supported by:

- f) General Security Agreement ('GSA') from RIDEAU ST. LAWRENCE UTILITIES INC. representing a First charge on all its present and after acquired personal property.
- g) Unlimited Guarantee of Advances executed by RIDEAU ST. LAWRENCE DISTRIBUTION INC. in favour of the Borrower supported by:
- h) General Security Agreement ('GSA') from RIDEAU ST. LAWRENCE DISTRIBUTION INC. representing a First charge on all its present and after acquired personal property.

All persons and entities required to provide a guarantee shall be referred to in this Agreement individually as a "Surety" and/or "Guarantor" and collectively as the "Guarantors";

All of the above security and guarantees shall be referred to collectively in this Agreement as "Bank Security".

DISBURSEMENT CONDITIONS

The obligation of the Bank to permit any drawdown hereunder is subject to the Standard Disbursement Conditions contained in Schedule 'A' and the following additional drawdown conditions:

- 1) Satisfactory loan documentation, including all documentation to satisfy the Bank's regulatory requirements (KYC/AML), credit agreement, security, legal opinions, inter-creditor agreement, etc., in form and substance satisfactory to the Lender and its counsel.
- 2) The Borrower to provide the most recent quarterly financial statement, including cash flow statement, accompanied by a compliance certificate confirming financial covenants in compliance on a post drawdown basis.
- 3) Borrower to provide signed copy of F2021 consolidated financial statements including accounting firm sign-off.

REPRESENTATIONS AND WARRANTIES

All representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect. The Borrower makes the Representations and Warranties set out in Schedule 'A'.

POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Positive Covenants set out in Schedule 'A' and in addition:

- 1) Comply with all applicable environmental regulations at all times.
- 2) Comply with all contractual obligation and laws, including payment of taxes.
- 3) Remain in the regulated business of electricity distributions and maintain all requisite licenses to do so.

- 4) Comply with all terms of licenses and immediately advise the Bank if OEB notifies the Borrower of default under a license if the license is amended, cancelled, suspended or revoked (any such circumstance will be an event of default).
- 5) Maintain adequate insurance.
- 6) Ensure all existing indebtedness (beyond that permitted under financial covenants) is held directly or indirectly on an unsecured basis with no acceleration rights by the municipal shareholder and is bound by the distraction restrictions outlined under Negative Covenants.
- 7) Comply with Affiliate Relationship Code.
- 8) File all OEB rate submissions as outlined in the 3-year business plan.

REPORTING COVENANTS

- 1) Annual audited consolidated financial statements of the Borrower and non-consolidated financial statements of the Borrower, Rideau St. Lawrence Utilities Inc., Rideau St. Lawrence Services Inc., and Rideau St. Lawrence Distributions Inc. to be provided within 120 days after fiscal year end.
- 2) Borrower to provide annual 3-year business plan, including income statement, balance sheet, statements of changes in financial position and capital expenditures schedule.
- 3) Borrower to provide reports as requested by the Bank in order to complete periodic reviews such as most recent OEB rate submission and SQI, OEB Final Rate Order, and Regulatory Asset Balances
- 4) Quarterly company prepared consolidated financial statements within 45 calendar days of fiscal quarter end. All quarterly financial statements to be accompanied by a Certificate of No Default setting out compliance calculations.

NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Negative Covenants set out in Schedule 'A' and in addition:

- 1) Change the indirect or direct municipal ownership of the Borrower.
- 2) Change the status of the Borrower as a Limited Distribution Company.
- 3) Distributions are limited to EBITDA - Interest - Cash Taxes - Unfinanced CAPEX (net of contributed capital) - Principal Payments on Long-Term Debt. Providing DSC test is met and no other default has occurred.

**Draw #1 on revolver to be used to finance CAPEX in F2022 and F2023.

- 4) Will not repay shareholder debt, beyond the permitted distributions outlined above, without the Bank's prior written consent.
- 5) Invest, merge, amalgamate, or consolidate without the Bank's prior consent.
- 6) Incur additional debt, including guarantees, without the Bank's prior consent.

- 7) Rank pari passu with any existing secured debt.
- 8) Negative pledge on assets.

PERMITTED LIENS

Permitted Liens as referred to in Schedule 'A' are:

- 1) Purchase Money Security Interests in equipment which Purchase Money Security Interests exist on the date of this Agreement ("Existing PMSIs") which are known to the Bank and all future Purchase Money Security Interests on equipment acquired to replace the equipment under Existing PMSIs, provided that the cost of such replacement equipment may not exceed the cost of the equipment subject to the Existing PMSI by more than 10%

FINANCIAL COVENANTS

The Borrower agrees at all times to:

- 1) Maintain a Debt Service Coverage ratio (DSC) of not less than 120% to be tested quarterly (March, June, September and December).

The DSC is calculated as follows:

Cash Flow / Mandatory Principal Payments + Interest

Cash flow is defined as Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) - Cash Taxes - 40% of CAPEX (net of contributed capital)

**DSC is to commence testing the first quarter end post funding, on a year to date building basis, followed by a rolling 4 quarter basis commencing Q3 F2023.

- 2) The Borrower shall maintain a maximum Total Interest Bearing Debt to Capitalization ratio of 0.60:1.00, tested quarterly.

Capitalization is defined as Total Interest Bearing Debt + Shareholder's Equity + Contributed Capital + Preference Share Capital - Goodwill - Intangibles.

Total Interest Bearing Debt to include operating debt and unpostponed promissory notes.

EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Standard Events of Default contained in Schedule 'A' attached hereto and after any one of the following additional Events of Default:

- 1) Customary for a transaction of this nature including without limitation:
 - Any material adverse change in legislation or regulation of the electrical distribution business in Ontario
 - Loss of OEB License
 - Default on any of these terms and conditions
 - Judgements

ANCILLARY FACILITIES

As at the date of this Agreement, the following uncommitted ancillary products are made available. These products may be subject to other agreements.

- 4) TD Visa Business card (or cards) for an aggregate amount CAD \$25,000

AVAILABILITY OF OPERATING LOAN

The Operating Loan is uncommitted, made available at the Bank's discretion, and is not automatically available upon satisfaction of the terms and conditions, conditions precedent, or financial tests set out herein.

The occurrence of an Event of Default is not a precondition to the Bank's right to accelerate repayment and cancel the availability of the Operating Loan.

SCHEDULE "A" - STANDARD TERMS AND CONDITIONS

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

We trust you will find these facilities helpful in meeting your ongoing financing requirements. We ask that if you wish to accept this offer of financing (which includes the Standard Terms and Conditions), please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by the Bank on or before **December 15, 2022.**

Yours truly,

THE TORONTO-DOMINION BANK




Kyle Lester
Senior Account Manager



Amanda Walsh
District Vice President

TO THE TORONTO-DOMINION BANK:

RIDEAU ST. LAWRENCE HOLDINGS INC. hereby accepts the foregoing offer this 30th day of November, 2022. The Borrower confirms that, except as may be set out above, the credit facility(ies) detailed herein shall not be used by or on behalf of any third party.



Signature



Signature

Simon Wu, President and CEO

Print Name & Position

Malcolm McCallum, CFO

Print Name & Position

November 30, 2022

Date:

November 30, 2022

Date:

cc. Guarantor(s)

The Bank is providing the Guarantor(s) with a copy of this Letter as a courtesy only. The delivery of a copy of this Letter does not create any obligation of the Bank to provide the Guarantor(s) with notice of any changes to the credit facilities, including without limitation, changes to the terms and conditions, increases or decreases in the amount of the credit facilities, the establishment of new credit facilities or otherwise. The Bank may, or may not, at its option, provide the Guarantor(s) with such information, provided that the Bank will provide such information upon the written request of the Guarantor.

SCHEDULE "A" - STANDARD TERMS AND CONDITIONS

1. INTEREST RATE DEFINITIONS

Prime Rate means the rate of interest per annum (based on a 365 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

The Stamping Fee rate per annum for CAD B/As is based on a 365 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance. The Stamping Fee rate per annum for USD B/As is based on a 360 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance.

CDOR means, for any day, the annual rate for B/As denominated in Canadian Dollars for a specified term that appears on the Reuters Screen CDOR Page as of 10:00 a.m. (Toronto time) on such day (or, if such day is not a Business Day, then on the immediately preceding Business Day).

LIBOR means the rate of interest per annum (based on a 360 day year) as determined by the Bank (rounded upwards, if necessary to the nearest whole multiple of 1/16th of 1%) at which the Bank may make available United States dollars which are obtained by the Bank in the Interbank Euro Currency Market, London, England at approximately 11:00 a.m. (Toronto time) on the second Business Day before the first day of, and in an amount similar to, and for the period similar to the interest period of, such advance.

USBR means the rate of interest per annum (based on a 365 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

Interest rates will never be less than zero. If Prime Rate, CDOR, LIBOR, USBR or any other applicable base rate changes, resulting in a variable or floating annual interest rate that is a negative number, the interest rate will be 0.00%. Notwithstanding the foregoing, if a Floating Rate Loan with an interest rate based on CDOR or LIBOR has been hedged in its entirety with an interest rate swap with the Bank (the "Swap") and the Swap does not include a negative interest rate floor, the foregoing restriction on CDOR or LIBOR never being less than 0.00% shall not apply. However, for purposes of certainty, if the Swap is subsequently terminated or novated the restriction on CDOR or LIBOR never being less than 0.00% shall apply.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

2. INTEREST CALCULATION AND PAYMENT

Interest on Prime Based Loans and USBR Loans is calculated daily (including February 29 in a leap year) and payable monthly in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment Terms Notice. Interest is charged on February 29 in a leap year.

The Stamping Fee is calculated based on the amount and the term of the B/A and is payable upon acceptance by the Bank of the B/A. The net proceeds received by the Borrower on a B/A advance will be equal to the Face Amount of the B/A discounted at the Bank's then prevailing B/A discount rate for CAD B/As or USD B/As as the case may be, for the specified term of the B/A less the B/A Stamping Fee. If the B/A discount rate (or the rate used to determine the B/A discount rate) is less than zero, it shall instead be deemed to be zero for purposes of this Agreement.

Interest on LIBOR Loans and CDOR Loans is calculated and payable on the earlier of contract maturity or quarterly in arrears, for the number of days in the LIBOR or CDOR interest period, as applicable.

L/C and L/G fees are payable at the time set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C or L/G.

Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice.

Interest is payable both before and after maturity or demand, default and judgment.

Each payment under this Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of principal.

For loans not secured by real property, all overdue amounts of principal and interest and all amounts outstanding in excess of the Credit Limit shall bear interest from the date on which the same became due or from when the excess was incurred, as the case may be, until the date of payment or until the date the excess is repaid at the Bank's standard rate charged from time to time for overdrafts, or such lower interest rate if the Bank agrees to a lower interest rate in writing. Nothing in this clause shall be deemed to authorize the Borrower to incur loans in excess of the Credit Limit.

If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Bank in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Bank of "interest" at a "criminal rate" (as such terms are construed under the Criminal Code (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by the Bank of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows: first, by reducing the amount or rate of interest, and, thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the Bank which would constitute interest for purposes of section 347 of the Criminal Code (Canada).

3. DRAWDOWN PROVISIONS

Prime Based and USBR Loans

There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in this Agreement. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Prime Based Loan or USBR Loan over \$1,000,000.

B/As

The Borrower shall advise the Bank of the requested term or maturity date for B/As issued hereunder. The Bank shall have the discretion to restrict the term or maturity dates of B/As. In no event shall the term of the B/A exceed the Contractual Term Maturity Date or Maturity Date, as applicable. Except as otherwise stated in this Agreement, the minimum amount of a drawdown by way of B/As is \$1,000,000 and in multiples of \$100,000 thereafter. The Borrower shall provide the Bank with 3 Business Days' notice of a requested B/A drawdown.

The Borrower shall pay to the Bank the full amount of the B/A at the maturity date of the B/A.

The Borrower appoints the Bank as its attorney to and authorizes the Bank to (i) complete, sign, endorse, negotiate and deliver B/As on behalf of the Borrower in handwritten form, or by facsimile or mechanical signature or otherwise, (ii) accept such B/As, and (iii) purchase, discount, and/or negotiate B/As.

LIBOR and CDOR

The Borrower shall advise the Bank of the requested LIBOR or CDOR contract maturity or interest period. The Bank shall have the discretion to restrict the LIBOR or CDOR contract maturity. In no event shall the term of the LIBOR or CDOR contract exceed the Contractual Term Maturity Date or Maturity Date, as applicable. Except as otherwise stated in this Agreement, the minimum amount of a drawdown by way of a LIBOR Loan or a CDOR Loan is \$1,000,000, and shall be in multiples of \$100,000 thereafter. The Borrower will provide the Bank with 3 Business Days' notice of a requested LIBOR Loan or CDOR Loan.

L/C and/or L/G

The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

B/A, LIBOR and CDOR - Conversion

Any portion of any B/A, LIBOR or CDOR Loan that is not repaid, rolled over or converted in accordance with the applicable notice requirements hereunder shall be converted by the Bank to a Prime Based Loan effective as of the maturity date of the B/A or the last day in the interest period of the LIBOR or CDOR contract, as applicable. The Bank may charge interest on the amount of the Prime Based Loan at the rate of 115% of the rate applicable to Prime Based Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

B/A, LIBOR and CDOR – Market Disruption

If the Bank determines, in its sole discretion, that a normal market in Canada for the purchase and sale of B/As or the making of CDOR or LIBOR Loans does not exist, any right of the Borrower to request a drawdown under the applicable borrowing option shall be suspended until the Bank advises otherwise. Any drawdown request for B/As, LIBOR or CDOR Loans, as applicable, during the suspension period shall be deemed to be a drawdown notice requesting a Prime Based Loan in an equivalent amount.

LIBOR Discontinuation

On the earliest of:

- (a) the date that the administrator of LIBOR has permanently or indefinitely ceased to make LIBOR available;
- (b) the governmental authority having jurisdiction over the administrator of LIBOR has made a public statement or publication of information announcing LIBOR is no longer representative; and
- (c) the Early Opt-in Effective Date,

the LIBOR Successor Rate will replace LIBOR for all purposes hereunder and under any other documents (other than any swap agreement, but including any other Bank Security) required in connection herewith, in respect of any interest period and contract maturity of such benchmark on such day and all subsequent interest periods and contract maturities without any amendment to, or further action or consent of any party to this Agreement. If the LIBOR Successor Rate is Daily Simple SOFR, all interest payments will be payable on a monthly basis unless otherwise agreed by the Bank. Notwithstanding anything else herein, any definition of the LIBOR Successor Rate (exclusive of any margin) shall provide that in no event shall such LIBOR Successor Rate be less than zero for the purposes of this Agreement.

The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to LIBOR or the LIBOR Successor Rate including without limitation, whether the composition or characteristics of the LIBOR Successor Rate, will be similar to, or produce the same value or economic equivalence of, LIBOR or have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability.

In connection with the implementation and administration of the LIBOR Successor Rate, the Bank will have the right to make LIBOR Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary in this Agreement or in any Bank Security or other document provided in connection

herewith, any amendments implementing such LIBOR Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

The Bank will promptly notify the Borrower of (i) the occurrence of an Early Opt-in Election, (ii) the implementation of the LIBOR Successor Rate and (iii) the effectiveness of any LIBOR Replacement Conforming Changes. Any determination, decision or election that may be made by the Bank pursuant to this Section, including any determination with respect to a interest period, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section.

Cash Management

The Bank may, and the Borrower hereby authorizes the Bank to, drawdown under the Operating Loan or Farm Property Line of Credit to satisfy any obligations of the Borrower to the Bank in connection with any cash management service provided by the Bank to the Borrower. The Bank may drawdown under the Operating Loan or Farm Property Line of Credit even if the drawdown results in amounts outstanding in excess of the Credit Limit.

Notice

Prior to each drawdown under a Fixed Rate Term Loan, other than a Long Term Farm Loan, an Agriculture Term Loan, a Canadian Agricultural Loans Act Loan, a Dairy Term Loan or a Poultry Term Loan and at least 10 days prior to the maturity of each Rate Term, the Borrower will advise the Bank of its selection of drawdown options from those made available by the Bank. The Bank will, after each drawdown, other than drawdowns by way of BA, CDOR, or LIBOR Loan or under the operating loan, send a Rate and Payment Terms Notice to the Borrower.

4. PREPAYMENT

Fixed Rate Term Loans

10% Prepayment Option Chosen.

- (a) Once, each calendar year, ("Year"), the Borrower may, provided that an Event of Default has not occurred, prepay in one lump sum, an amount of principal outstanding under a Fixed Rate Term Loan not exceeding 10% of the original amount of the Fixed Rate Term Loan, upon payment of all interest accrued to the date of prepayment without paying any prepayment charge. If the prepayment privilege is not used in one Year, it cannot be carried forward and used in a later Year.
- (b) Provided that an Event of Default has not occurred, the Borrower may prepay more than 10% of the original amount of a Fixed Rate Term Loan in any Year, upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
 - i) three months' interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
 - ii) the Yield Maintenance, being the difference between:
 - a. the current outstanding principal balance of the Fixed Rate Term Loan; and
 - b. the sum of the present values as of the date of the prepayment of the future payments to be made on the Fixed Rate Term Loan until the last day of a Rate Term, plus the present value of the principal amount of the Fixed Rate Term Loan that would have been due on the maturity of the Rate Term, when discounted at the Government of Canada bond yield rate with a term which has the closest maturity to the unexpired term of the Fixed Rate Term Loan.

10% Prepayment Option Not Chosen.

- (c) The Borrower may, provided that an Event of Default has not occurred, prepay all or any part of the principal then outstanding under a Fixed Rate Term Loan upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
- i) three months' interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
 - ii) the Yield Maintenance, being the difference between:
 - a. the current outstanding principal balance of the Fixed Rate Term Loan; and
 - b. the sum of the present values as of the date of the prepayment of the future payments to be made on the Fixed Rate Term Loan until the last day of the Rate Term, plus the present value of the principal amount of the Fixed Rate Term Loan that would have been due on the maturity of the Rate Term when discounted at the Government of Canada bond yield rate with a term which has the closest maturity to the unexpired term of the Fixed Rate Term Loan.

Floating Rate Term Loans

The Borrower may prepay the whole or any part of the principal outstanding under a Floating Rate Term Loan, at any time without the payment of prepayment charges.

5. STANDARD DISBURSEMENT CONDITIONS

The obligation of the Bank to permit any drawdowns hereunder at any time is subject to the following conditions precedent:

- a) The Bank shall have received the following documents which shall be in form and substance satisfactory to the Bank:
 - i) A copy of a duly executed resolution of the Board of Directors of the Borrower empowering the Borrower to enter into this Agreement;
 - ii) A copy of any necessary government approvals authorizing the Borrower to enter into this Agreement;
 - iii) All of the Bank Security and supporting resolutions and solicitors' letter of opinion required hereunder;
 - iv) The Borrower's compliance certificate certifying compliance with all terms and conditions hereunder;
 - v) All operation of account documentation; and
 - vi) For drawdowns under the Facility by way of L/C or L/G, the Bank's standard form Letter of Credit Indemnity Agreement
- b) The representations and warranties contained in this Agreement are correct.
- c) No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.
- d) The Bank has received the arrangement fee payable hereunder (if any) and the Borrower has paid all legal and other expenses incurred by the Bank in connection with the Agreement or the Bank Security.

6. STANDARD REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, that:

- a) The Borrower is a duly incorporated corporation, a limited partnership, partnership, or sole proprietorship, duly organized, validly existing and in good standing under the laws of the jurisdiction where the Branch/Centre is located and each other jurisdiction where the Borrower has property or assets or carries on business and the Borrower has adequate corporate power and authority to carry on its business, own property, borrow monies and enter into agreements therefore, execute and deliver the Agreement, the Bank Security, and documents required hereunder, and observe and perform the terms and provisions of this Agreement.
- b) There are no laws, statutes or regulations applicable to or binding upon the Borrower and no provisions in its charter documents or in any by-laws, resolutions, contracts, agreements, or arrangements which would be contravened, breached, violated as a result of the execution, delivery, performance, observance, of any terms of this Agreement.
- c) No Event of Default has occurred nor has any event occurred which, with the passage of time or the giving of notice, would constitute an Event of Default under this Agreement or which would constitute a default under any other agreement.
- d) There are no actions, suits or proceedings, including appeals or applications for review, or any knowledge of pending actions, suits, or proceedings against the Borrower and its subsidiaries, before any court or administrative agency which would result in any material adverse change in the property, assets, financial condition, business or operations of the Borrower.
- e) All material authorizations, approvals, consents, licenses, exemptions, filings, registrations and other requirements of governmental, judicial and public bodies and authorities required to carry on its business have been or will be obtained or effected and are or will be in full force and effect.
- f) The financial statements and forecasts delivered to the Bank fairly present the present financial position of the Borrower, and have been prepared by the Borrower and its auditors in accordance with the International Financial Reporting Standards or GAAP for Private Enterprises.
- g) All of the remittances required to be made by the Borrower to the federal government and all provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, Employment Insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, corporate capital taxes, payroll taxes and workers' compensation dues are currently paid and up to date.
- h) If the Bank Security includes a charge on real property, the Borrower or Guarantor, as applicable, is the legal and beneficial owner of the real property with good and marketable title in fee simple thereto, free from all easements, rights-of-way, agreements, restrictions, mortgages, liens, executions and other encumbrances, save and except for those approved by the Bank in writing.
- i) All information that the Borrower has provided to the Bank is accurate and complete respecting, where applicable:
 - i) the names of the Borrower's directors and the names and addresses of the Borrower's beneficial owners;
 - ii) the names and addresses of the Borrower's trustees, known beneficiaries and/or settlors; and
 - iii) the Borrower's ownership, control and structure.

7. STANDARD POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will, and will ensure that its subsidiaries and each of the Guarantors will:

- a) Pay all amounts of principal, interest and fees on the dates, times and place specified herein, under the Rate and Payment Terms Notice, and under any other agreement between the Bank and the Borrower.
- b) Advise the Bank of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender.
- c) Advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Borrower or the occurrence of any Event of Default or default under this Agreement or under any other agreement for borrowed money.
- d) Do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.
- e) Take all necessary actions to ensure that the Bank Security and its obligations hereunder will rank ahead of all other indebtedness of and all other security granted by the Borrower.
- f) Pay all taxes, assessments and government charges unless such taxes, assessments, or charges are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.
- g) Provide the Bank with information and financial data as it may request from time to time, including, without limitation, such updated information and/or additional supporting information as the Bank may require with respect to any or all the matters in the Borrower's representation and warranty in Section 6(i).
- h) Maintain property, plant and equipment in good repair and working condition.
- i) Inform the Bank of any actual or probable litigation and furnish the Bank with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Borrower.
- j) Provide such additional security and documentation as may be required from time to time by the Bank or its solicitors.
- k) Continue to carry on the business currently being carried on by the Borrower its subsidiaries and each of the Guarantors at the date hereof.
- l) Maintain adequate insurance on all of its assets, undertakings, and business risks.
- m) Permit the Bank or its authorized representatives full and reasonable access to its premises, business, financial and computer records and allow the duplication or extraction of pertinent information therefrom.
- n) Comply with all applicable laws.

8. STANDARD NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

- a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets or undertakings, now owned or hereafter acquired, except for those Permitted Liens, if any, set out in the Letter.
- b) Create, incur, assume or suffer to exist any other indebtedness for borrowed money (except for indebtedness resulting from Permitted Liens, if any) or guarantee or act as surety or agree to indemnify the debts of any other Person.
- c) Merge or consolidate with any other Person, or acquire all or substantially all of the shares, assets or business of any other Person.
- d) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of subsidiaries, receivables and leasehold interests), except for inventory disposed of in the ordinary course of business.
- e) Terminate or enter into a surrender of any lease of any property mortgaged under the Bank Security.
- f) Cease to carry on the business currently being carried on by each of the Borrower, its subsidiaries, and the Guarantors at the date hereof.
- g) Permit any change of ownership or change in the capital structure of the Borrower.

9. ENVIRONMENTAL

The Borrower represents and warrants (which representation and warranty shall continue throughout the term of this Agreement) that the business of the Borrower, its subsidiaries and each of the Guarantors is being operated in compliance with applicable laws and regulations respecting the discharge, omission, spill or disposal of any hazardous materials and that any and all enforcement actions in respect thereto have been clearly conveyed to the Bank.

The Borrower shall, at the request of the Bank from time to time, and at the Borrower's expense, obtain and provide to the Bank an environmental audit or inspection report of the property from auditors or inspectors acceptable to the Bank.

The Borrower hereby indemnifies the Bank, its officers, directors, employees, agents and shareholders, and agrees to hold each of them harmless from all loss, claims, damages and expenses (including legal and audit expenses) which may be suffered or incurred in connection with the indebtedness under this Agreement or in connection with the Bank Security.

10. STANDARD EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the following Events of Default:

- a) Non-payment of principal outstanding under this Agreement when due or non-payment of interest or fees outstanding under this Agreement within 3 Business Days of when due.
- b) If any representation, warranty or statement made hereunder or made in connection with the execution and delivery of this Agreement or the Bank Security is false or misleading at any time.

- c) If any representation or warranty made or information provided by the Guarantor to the Bank from time to time, including without limitation, under or in connection with the Personal Financial Statement and Privacy Agreement provided by the Guarantor, is false or misleading at any time.
- d) If there is a breach or non-performance or non-observance of any term or condition of this Agreement or the Bank Security and, if such default is capable of being remedied, the default continues unremedied for 5 Business Days after the occurrence.
- e) If the Borrower, any one of its subsidiaries, or, if any of the Guarantors makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers or if a judgment or order shall be entered by any court approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any of its subsidiaries, or any of the Guarantors or if the Borrower, any of its subsidiaries, or any of the Guarantors is insolvent or declared bankrupt.
- f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of its subsidiaries, or any of the Guarantors.
- g) If action is taken by an encumbrancer against the Borrower, any of its subsidiaries, or any of the Guarantors to take possession of property or enforce proceedings against any assets.
- h) If any final judgment for the payment of monies is made against the Borrower, any of its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.
- i) If there exists an event, the effect of which with lapse of time or the giving of notice, will constitute an event of default or a default under any other agreement for borrowed money in excess of the Cross Default Threshold entered into by the Borrower, any of its subsidiaries, or any of the Guarantors.
- j) If the Borrower, any one of its subsidiaries, or any of the Guarantors default under any other present or future agreement with the Bank or any of the Bank's subsidiaries, including without limitation, any other loan agreement, forward foreign exchange transactions, interest rate and currency and/or commodity swaps.
- k) If the Bank Security is not enforceable or if any party to the Bank Security shall dispute or deny any liability or any of its obligations under the Bank Security, or if any Guarantor terminates a guarantee in respect of future advances.
- l) If, in the Bank's determination, a material adverse change occurs in the financial condition, business operations or prospects of the Borrower, any of the Borrower's subsidiaries, or any of the Guarantors.
- m) If the Borrower or a Guarantor is an individual, the Borrower or such Guarantor dies or is found by a court to be incapable of managing his or her affairs.

11. ACCELERATION

If the Bank accelerates the payment of principal and interest hereunder, the Borrower shall immediately pay to the Bank all amounts outstanding hereunder, including without limitation, the amount of unmaturing B/As, CDOR and LIBOR Loans and the amount of all drawn and undrawn L/Gs and L/Cs. All cost to the Bank of unwinding CDOR and LIBOR Loans and all loss suffered by the Bank in re-employing amounts repaid will be paid by the Borrower.

The Bank may demand the payment of principal and interest under the Operating Loan or Farm Property Line of Credit (and any other uncommitted facility) hereunder and cancel any undrawn portion of the Operating Loan or Farm Property Line of Credit (and any other uncommitted facility) hereunder, at any time whether or not an Event of Default has occurred.

12. INDEMNITY

The Borrower agrees to indemnify the Bank from and against any and all claims, losses and liabilities arising or resulting from this Agreement. USD loans must be repaid with USD and CAD loans must be repaid with CAD and the Borrower shall indemnify the Bank for any loss suffered by the Bank if USD loans are repaid with CAD or vice versa, whether such payment is made pursuant to an order of a court or otherwise. In no event will the Bank be liable to the Borrower for any direct, indirect or consequential damages arising in connection with this Agreement.

13. TAXATION ON PAYMENTS

All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, the Borrower, shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

14. REPRESENTATION

No representation or warranty or other statement made by the Bank concerning any of the Facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this Agreement.

15. CHANGING THE AGREEMENT

- a) The Bank may, from time to time, unilaterally change the provisions of this Agreement where (i) the provisions of the Agreement relate to the Operating Loan or Farm Property Line of Credit (and any other uncommitted facility), including changing or adding fees that may be charged in connection therewith, or (ii) such change is for the benefit of the Borrower, or made at the Borrower's request, including without limitation, decreases to fees or interest payable hereunder or (iii) where such change makes compliance with this Agreement less onerous to the Borrower, including without limitation, release of security. These changes can be made by the Bank providing written notice to the Borrower of such changes in the form of a specific waiver or a document constituting an amending agreement. The Borrower is not required to execute such waiver or amending agreement, unless the Bank requests the Borrower to sign such waiver or amending agreement. A change in the Prime Rate and USBR is not an amendment to the terms of this Agreement that requires notification to be provided to the Borrower.
- b) Changes to the Agreement, other than as described in a) above, including changes to covenants and fees payable by the Borrower, are required to be agreed to by the Bank and the Borrower in writing, by the Bank and the Borrower each signing an amending agreement.
- c) The Bank is not required to notify a Guarantor of any change in the Agreement, including any increase in the Credit Limit.

16. ADDED COST

If the introduction of or any change in any present or future law, regulation, treaty, official or unofficial directive, or regulatory requirement, (whether or not having the force of law) or in the interpretation or application thereof, relates to:

- i) the imposition or exemption of taxation of payments due to the Bank or on reserves or deemed reserves in respect of the undrawn portion of any Facility or loan made available hereunder; or,
- ii) any reserve, special deposit, regulatory or similar requirement against assets, deposits, or loans or other acquisition of funds for loans by the Bank; or,
- iii) the amount of capital required or expected to be maintained by the Bank as a result of the existence of the advances or the commitment made hereunder;

and the result of such occurrence is, in the sole determination of the Bank, to increase the cost of the Bank or to reduce the income received or receivable by the Bank hereunder, the Borrower shall, on demand by the Bank, pay to the Bank that amount which the Bank estimates will compensate it for such additional cost or reduction in income and the Bank's estimate shall be conclusive, absent manifest error.

17. EXPENSES

The Borrower shall pay, within 5 Business Days following notification, any fees and expenses (including but not limited to all legal fees) incurred by the Bank in connection with the preparation, registration, ongoing administration, and discharge of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement and the Bank Security whether or not any amounts are advanced under the Agreement. These fees and expenses shall include, but not be limited to, any outside counsel fees and expenses, and any all in-house legal fees and expenses (if in-house counsel are used), and any outside professional advisory fees and expenses, and any registration, renewal and discharge fees in connection with the Bank Security, including but not limited to, as applicable, land registry, intellectual property registry, Personal Property Security Act, and Le Registre des droits personnels et réels mobiliers fees as established by the applicable federal, provincial and/or territorial government(s) from time to time. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph at the All-In Rate plus 2% per annum.

Without limiting the generality of Section 25, the Bank or the Bank's agent, is authorized to debit any of the Borrower's accounts with the amount of the fees and expenses owed by the Borrower hereunder, including any registration, renewal and discharge fee as described in this section in connection with the Bank Security, even if that debiting creates an overdraft in any such account. If there are insufficient funds in the Borrower's accounts to reimburse the Bank or its agent for payment of the fees and expenses owed by the Borrower hereunder, the amount debited to the Borrower's accounts shall be deemed to be a Prime Based Loan under the Operating Loan or Farm Property Line of Credit.

The Borrower will, if requested by the Bank, sign a Pre-Authorized Payment Authorization in a format acceptable to the Bank to permit the Bank's agent to debit the Borrower's accounts as contemplated in this Section.

18. NON WAIVER

Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security or upon the occurrence of an Event of Default shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Bank Security or the Bank's rights thereunder.

19. EVIDENCE OF INDEBTEDNESS

The Bank shall record on its records the amount of all loans made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower will sign the Bank's standard form Letter of Credit Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

With respect to chattel mortgages taken as Bank Security, this Agreement is the Promissory Note referred to in same chattel mortgage, and the indebtedness incurred hereunder is the true indebtedness secured by the chattel mortgage.

20. ENTIRE AGREEMENTS

This Agreement replaces any previous letter agreements dealing specifically with terms and conditions of the credit facilities described in the Letter. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities. This Agreement, and if applicable, the Letter of Credit Indemnity Agreement, are the entire agreements relating to the Facilities described in this Agreement.

21. NON-MERGER

Notwithstanding the execution, delivery or registration of the Bank Security and notwithstanding any advances made pursuant thereto, this Agreement shall continue to be valid, binding and enforceable and shall not merge as a result thereof. Any default under this Agreement shall constitute concurrent default under the Bank Security. Any default under the Bank Security shall constitute concurrent default under this Agreement. In the event of an inconsistency between the terms of this Agreement and the terms of the Bank Security, the terms of this Agreement shall prevail and the inclusion of any term in the Bank Security that is not dealt with in this Agreement shall not be an inconsistency.

22. ASSIGNMENT

The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement.

23. RELEASE OF INFORMATION

The Borrower hereby irrevocably authorizes and directs the Borrower's accountant, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agrees that the Bank and the Accountant may communicate directly with each other.

24. FX CLOSE OUT

The Borrower hereby acknowledges and agrees that in the event any of the following occur: (i) Default by the Borrower under any forward foreign exchange contract ("FX Contract"); (ii) Default by the Borrower in payment of monies owing by it to anyone, including the Bank; (iii) Default in the performance of any other obligation of the Borrower under any agreement to which it is subject; or (iv) the Borrower is adjudged to be or voluntarily becomes bankrupt or insolvent or admits in writing to its inability to pay its debts as they come due or has a receiver appointed over its assets, the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts entered into hereunder, using normal commercial practices employed by the Bank, to determine the gain or loss for each terminated FX contract. The Bank shall then be entitled to calculate a net termination value for all of the terminated FX Contracts which shall be the net sum of all the losses and gains arising from the termination of the FX Contracts which net sum shall be the "Close Out Value" of the terminated FX Contracts. The Borrower acknowledges that it shall be required to forthwith pay any positive Close Out Value owing to the Bank and the Bank shall be required to pay any negative Close Out Value owing to the Borrower, subject to any rights of set-off to which the Bank is entitled or subject.

25. SET-OFF

In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness or amount payable by the Bank (irrespective of the place of payment or booking office of the obligation), to or for the credit of or for the Borrower's account, including without limitation, any amount owed by the Bank to the Borrower under any FX Contract or other treasury or derivative product,

against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit or other obligation in a different currency than the indebtedness and liability under this Agreement to the indebtedness and liability under this Agreement, the Bank will convert the deposit or other obligation to the currency of the indebtedness and liability under this Agreement using the exchange rate determined by the Bank at the time of the conversion.

26. SEVERABILITY

In the event any one or more of the provisions of this Agreement shall for any reason, including under any applicable statute or rule of law, be held to be invalid, illegal or unenforceable, that part will be severed from this Agreement and will not affect the enforceability of the remaining provisions of this Agreement, which shall remain in full force and effect.

27. MISCELLANEOUS

- i) The Borrower has received a signed copy of this Agreement;
- ii) If more than one Person, firm or corporation signs this Agreement as the Borrower, each party is jointly and severally liable hereunder, and the Bank may require payment of all amounts payable under this Agreement from any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them;
- iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Canadian Institute of Chartered Accountants (or any successor) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;
- iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located;
- v) Unless stated otherwise, all amounts referred to herein are in Canadian dollars.
- vi) If the Borrower qualifies as an Eligible Enterprise and the facility/ies hereunder are not secured by a mortgage on real property, the Borrower has the right to cancel this Agreement without incurring a cancellation charge until the end of the third Business Day after the day on which this Agreement is entered into and may be entitled to the refund of certain fees other than (i) any amounts related to the use of the product or service prior to its cancellation; and (ii) any expense that the Bank has reasonably incurred in providing the product or service. Eligible Enterprise, as defined in the Bank Act, means a business with authorized credit of less than CAD\$1,000,000, fewer than 500 employees and annual revenues of less than CAD\$50,000,000.

28. CUSTOMER RESOLUTION PROCESS

Tell us about your problem or concern in the way that is most convenient for you. You may contact a Customer Service Representative at your Branch or Business Unit that handles your account, call us toll free at 1-833-259-5980, contact us by mail at Customer Service, TD Centre, P.O. Box 193, Toronto, Ontario, M5K 1H6, by fax at 1-877-983-2932 or by e-mail at customer.service@td.com. As a next step, if your concern remains unresolved, the Manager will offer to elevate your problem to a representative of the Senior Management Office. Alternatively, if you prefer to elevate the problem yourself, you may contact the Manager, or one of our telephone banking specialists at the toll-free number above, and they will assist you.

If your concern remains unresolved, you may contact the Senior Customer Complaints Office by email at td.scco@td.com, by mail at P.O. Box 1, TD Centre, Toronto, Ontario, M5K 1A2, or toll free at 1-888-361-0319. If your concern still remains unresolved, you may then contact the ADR Chambers Banking Ombuds Office (ADRBO) by mail at 31 Adelaide Street East, P.O. Box 1066, Toronto, Ontario, M5C 1K9 or telephone: 1-800-941-3655 or toll free fax: 1-877-307-5127 and at www.bankingombuds.ca or contact@bankingombuds.ca. For a more detailed overview please obtain a copy of our "If You Have a Problem or Concern" brochure from any branch or from our website at www.td.com.

Financial Consumer Agency of Canada (FCAC) - If you have a complaint regarding a potential violation of a consumer protection law, a public commitment, or an industry code of conduct, you can contact the FCAC in writing at: 6th Floor, Enterprise Building, 427 Laurier Ave. West, Ottawa, Ontario K1R 1B9. The FCAC can also be contacted by telephone at 1-866-461-3222 (en français 1-866-461-2232) or through its website at www.fcac-acfc.gc.ca. Please note that the FCAC does not become involved in matters of redress or compensation - all such requests must follow the process set out above.

29. CONSENT TO THE COLLECTION, USE AND/OR DISCLOSURE OF INFORMATION - INDIVIDUALS

In this Section, "you" and "your" means: (i) any individual, or that individual's authorized representative, who is the Borrower; (ii) any individual, or that individual's authorized representative, who has offered to provide a guarantee for any product or service offered by us to the Borrower; (iii) any individual who is a partner of the Borrower; and (iv) the signing authorities, as identified to us, of the Borrower. In this Section and in Section 30, the words "we", "us" and "our" mean TD Bank Group ("TD"). TD includes The Toronto-Dominion Bank and its world-wide affiliates, which provide deposit, investment, loan, securities, trust, insurance and other products or services. The word "Information" means financial, personal and other details about you, that you provide to us and we obtain from others outside our organization, including through the products and services that are provided by us to the Borrower. You agree that, at the time you request to begin a relationship with us and during the course of our relationship, we may share your Information within TD, and collect, use and disclose your Information as described in the Privacy Agreement separately provided to you and available at any TD Canada Trust branch or online at td.com, including for, but not limited to, the purposes of identifying you, providing you with ongoing service, helping us serve you better, protecting us both from fraud and error, complying with legal and regulatory requirements, and marketing products and services to you.

We may communicate with you for any of these purposes by telephone, fax, text messaging, or other electronic means, and automatic dialing-announcing device, at the numbers you have provided to us, or by ATM, internet, mail, email and other methods. If:

- a) there are changes to the signing authorities of the Borrower; or
- b) at the time of obtaining a product or service from us, the Borrower has indicated that the product or service will be used by or on behalf of a third party who is an individual; or
- c) at the time of obtaining a product or service from us, the Borrower, if a corporation, has any individual who owns or controls, directly or indirectly, 25 per cent or more of the shares of the corporation, or has any director, where such individual or director is not, as such time, either a signing authority of the corporation or a personal banking customer of TD; or
- d) at the time of obtaining a product or service from us, such Borrower, if other than a corporation, has any individual who owns or controls, directly or indirectly, 25 per cent or more of such Borrower, where such individual is not, at such time, either a signing authority of the Borrower or a personal banking customer of TD;

then the Borrower agrees to make such signing authorities and any such individual or director aware of the Privacy Agreement, advise them that they are subject to such agreement and inform them that a copy of such agreement is available at any TD Canada Trust branch or online at td.com. The definition of "you" in the Privacy Agreement shall be deemed to include any such individual or director.

Notwithstanding the foregoing, c) and d) shall not apply where the Borrower is a public body, or a corporation that has minimum net assets of \$75 million on its last audited balance sheet and whose shares are traded on a Canadian stock exchange or a stock exchange that is prescribed by section 3201 of the Income Tax Regulations, as may be amended from time to time, and operates in a country that is a member of the Financial Action Task Force.

To understand how you can withdraw your consent, refer to the "Marketing Purposes" section of the Privacy Agreement or contact us at 1-866-567-8888.

30. CONSENT TO THE COLLECTION AND/OR DISCLOSURE OF INFORMATION – BORROWER (OTHER THAN AN INDIVIDUAL)

In addition to any rights the Bank may have regarding the collection and disclosure of the Borrower's information, the Borrower authorizes the Bank to obtain information about the Borrower from, and disclose information about the Borrower to, TD, other lenders, credit reporting or credit rating agencies, credit bureaus, auditors, governmental and regulatory authorities, references provided by the Borrower and any supplier, agent or other party that performs services for the Borrower or for the Bank.

31. DEFINITIONS

Capitalized Terms used in this Agreement shall have the following meanings:

"Agreement" means the agreement between the Bank and the Borrower set out in the Letter and this Schedule "A" - Standard Terms and Conditions, as amended from time to time in accordance with Section 15 of this Schedule "A".

"All-In Rate" means the greater of the interest rates that the Borrower pays for Floating Rate Loans or the highest fixed rate paid for Fixed Rate Term Loans.

"Business Day" means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business.

"Branch/Centre" means The Toronto-Dominion Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.

"Contractual Term Maturity Date" means the last day of the Contractual Term period. If the Letter does not set out a specific Contractual Term period but rather refers to a period of time up to which the Contractual Term Maturity Date can occur, the Bank and the Borrower must agree on a Contractual Term Maturity Date before first drawdown, which Contractual Term Maturity Date will be set out in the Rate and Payments Terms Notice.

"Cross Default Threshold" means the cross default threshold set out in the Letter. If no such cross default threshold is set out in the Letter it will be deemed to be zero.

"Face Amount" means, in respect of:

- (i) a B/A, the amount payable to the holder thereof on its maturity;
- (ii) A L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C or L/G.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback being established by the Bank in accordance with the conventions for this rate recommended by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto, for determining "Daily Simple SOFR" for bilateral business loans; provided, that if the Bank decides that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion.

"Early Opt-in Effective Date" means, with respect to any Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Borrower.

"Early Opt-in Election" means the occurrence of:

- (i) a determination by the Bank that at least five currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate, and
- (ii) the election by the Bank to trigger a fallback from LIBOR and the provision by the Bank of written notice of such election to the Borrower.

"Fixed Rate Term Loan" means any drawdown in Canadian dollars under a Facility at an interest rate which is fixed for a Rate Term at such rate as is determined by the Bank at its sole discretion.

"Floating Rate Loan" means any loan drawn down, converted or extended under a Facility at an interest rate which is referenced to a variable rate of interest, such as the Prime Rate.

"Inventory Value" means, at any time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than (i) those inventories supplied by trade creditors who at that time have not been fully paid and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

"Letter" means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

"Letter of Credit" or "L/C" means a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.

"Letter of Guarantee" or "L/G" means a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.

"LIBOR Replacement Conforming Changes" means any technical, administrative or operational changes (including changes to applicable definitions, timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of the LIBOR Successor Rate and the Bank's administration thereof in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or determines that no market practice for the administration of the LIBOR Successor Rate exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of this Agreement and the other documents required hereunder).

"LIBOR Successor Rate" means, for any interest period as of the applicable date of determination, the first alternative set forth below that can be determined by the Bank:

- (i) the sum of: (a) Term SOFR and (b) 0.11448% (11.448 basis points) for an interest period of 1 month, 0.26161% (26.161 basis points) for an interest period of 3 months, and 0.42826% (42.826 basis points) for an interest period of 6 months, or
- (ii) the sum of: (x) Daily Simple SOFR and (y) the spread adjustment selected or recommended by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto, for the replacement of the contract maturity of LIBOR with a SOFR-based rate having approximately the same length as the interest payment period specified in the "LIBOR Discontinuation" clause in Section 3 of this Schedule A.

"Maturity Date" for a Facility, means the date on which all amounts outstanding under such Facility are due and payable to the Bank.

"Person" includes any individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated association, association, institution, entity, party, or government (whether national, federal, provincial, state, municipal, city, county, or otherwise and including any instrumentality, division, agency, body, or department thereof).

"Purchase Money Security Interest" means a security interest on an asset which is granted to a lender or to the seller of such asset in order to secure the purchase price of such asset or a loan incurred to acquire such asset, provided that the amount secured by the security interest does not exceed the cost of the asset and provided that the Borrower provides written notice to the Bank prior to the creation of the security interest, and the creditor under the security interest has, if requested by the Bank, entered into an inter-creditor agreement with the Bank, in a format acceptable to the Bank.

"Rate Term" means that period of time as selected by the Borrower from the options offered to it by the Bank, during which a Fixed Rate Term Loan will bear a particular interest rate. If no Rate Term is selected, the Borrower will be deemed to have selected a Rate Term of 1 year.

"Rate and Payment Terms Notice" means the written notice sent by the Bank to the Borrower setting out the interest rate and payment terms for a particular drawdown.

"Receivable Value" means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than (i) those accounts then outstanding for 90 days, (ii) those accounts owing by Persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the total amount of all claims, liens, or encumbrances on those receivables having or purporting to have priority over the Bank.

"Receivables/Inventory Summary" means a summary of the Borrower's trade account receivables and inventories, in form as the Bank may require and certified by a senior officer/representative of the Borrower.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured financing rate from time to time), on the immediately succeeding Business Day.

"Term SOFR" means, for the applicable corresponding interest period, the forward-looking term rate based on SOFR that has been selected or recommended by the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

"USD" or *"USD Equivalent"* means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the exchange rate determined by the Bank at the time of the conversion.



TD Commercial Banking

Eastern Ontario Commercial Banking
94 Princess Street 3rd Floor
Kingston, ON
K7L 1A5

Telephone No.: (613) 544-8752
Fax No.: (613) 544 8539

July 31, 2024

RIDEAU ST. LAWRENCE HOLDINGS INC.
PO Box 699
985 Industrial Rd
Prescott, Ontario
K0E 1T0

Attention: Malcolm McCallum

The following amending agreement (the "Amending Agreement") amends the terms and conditions of the credit facilities (the "Facilities") provided to the Borrower pursuant to the Agreement dated November 24, 2022 and the subsequent Amending Agreement(s) dated December 30, 2022:

BORROWER

RIDEAU ST. LAWRENCE HOLDINGS INC. (the "Borrower")

LENDER

The Toronto-Dominion Bank (the "Bank"), through its Eastern Ontario Commercial Banking branch in Kingston, Ontario.

CREDIT LIMIT

2) CAD \$3,250,000 CAD \$5,250,000

REPAYMENT AND REDUCTION OF AMOUNT OF CREDIT FACILITY

1) ~~On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Facility, including without limitation, as applicable, the amount of all unmatured B/As and the amount of all drawn and undrawn L/Gs and L/Cs. All costs to the Bank and all loss suffered by the Bank in re-employing the amounts so repaid will be paid by the Borrower.~~

On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Operating Loan, including without limitation, the amount of all drawn and undrawn L/Gs and L/Cs. All costs to the Bank and all loss suffered by the Bank in re-employing the amounts so repaid will be paid by the Borrower

MRM

SCHEDULE "A" – STANDARD TERMS AND CONDITIONS

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

Unless otherwise stated, the amendments outlined above are in addition to the Terms and Conditions of the existing Agreement, including those of Schedule "A". All other terms and conditions remain unchanged.

ACCURACY OF INFORMATION

The Borrower hereby represents and warrants that all information that it has provided to the Bank is accurate and complete respecting, where applicable:

- (i) the names of the Borrower's directors and the names and addresses of the Borrower's beneficial owners;
- (ii) the names and addresses of the Borrower's trustees, known beneficiaries and/or settlors; and
- (iii) the Borrower's ownership, control and structure.

The Borrower will provide, or cause to be provided, such updated information and/or additional supporting information as the Bank may require from time to time with respect to any or all the matters in the Borrower's foregoing representation and warranty.

We ask that the Borrower acknowledge agreement to these amendments by signing and returning the attached duplicate copy of this Amending Agreement to the undersigned on or before August 30, 2024.

Yours truly,

THE TORONTO-DOMINION BANK



Kyle Lester
Senior Account Manager



Amanda Walsh
District Vice President

MRM

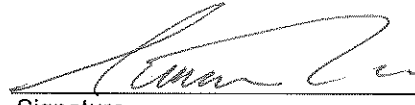
TO THE TORONTO-DOMINION BANK:

RIDEAU ST. LAWRENCE HOLDINGS INC. The Borrower acknowledges and agrees to the terms and conditions of this Amending Agreement. The following persons have the power to bind the Borrower. The Borrower confirms that, except as provided above, the credit facility(ies) provided herein will not be used by or on behalf of any third party.


Signature

MALCOLM MCLALUM CFO
Print Name & Position

Aug 1, 2024
Date


Signature

Simon Wu CEO
Print Name & Position

Aug 1st, 2024
Date